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Japan

Kono Welcomes U.S. Postponement of Trade Sanctions

OW0107035794 Tokyo KYODO in English 0309 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—Foreign Minister Yohei Kono on Friday [1 July] welcomed the U.S. decision to postpone a judgment on whether to force a settlement over the trade dispute concerning Japan's telecommunications and medical equipment sectors.

"Japan has been making efforts and has been sufficiently explaining those efforts to the United States," Kono told reporters.

He indicated that the U.S. made the decision after evaluating Japan's package of deregulation measures released Tuesday.

In Washington, U.S. Trade Representative Mickey Kantor cited Japan's new government and ongoing trade negotiations as reasons for his decision to extend the deadline to July 31.

Under title seven of the 1988 Omnibus U.S. Trade Law, the U.S. Government has the legal power to impose trade sanctions against countries engaged in unfair trade practices.

Chief Cabinet Secretary Criticizes Bentsen Remarks

OW0107115294 Tokyo KYODO in English 1118 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—Japan expressed displeasure Friday [1 July] over a U.S. call for a discount rate cut to curb the yen's continuous upswing against the dollar.

Chief Cabinet Secretary Kozo Igarashi told reporters that Japan's discount rate now stands at an all-time low of 1.75 percent, and the domestic economy is feeling its impact.

Igarashi made the remark in connection with reports from Washington that U.S. Treasury Secretary Lloyd Bentsen made the call and urged the Japanese Government to make a substantial cut in income tax to help boost domestic demand.

He said he felt it "unfair" for a senior U.S. Administration official to make such a remark on Japan's macroeconomic policy.

Igarashi also said the government plans to decide on an increase of outlays for public works, which calls for investment of 430 trillion yen over a decade to the year 2000, before the Naples summit of seven western industrialized nations next week.

He declined comment on how much would be added to the project.

Murayama: Tokyo To Honor U.S. Defense Treaty

OW0107035394 Tokyo KYODO in English 0318 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—New Prime Minister Tomiichi Murayama on Friday [1 July] told U.S. President Bill Clinton that Japan-U.S. diplomacy forms the axis for Japan-U.S. relations and that he will adhere to the Japan-U.S. security arrangements.

The Social Democratic Party, currently headed by Murayama, has long advocated scrapping the treaty that formed the foundation of Japanese defense policy throughout the Cold War.

Murayama, ROK President Kim Discuss DPRK Issue

OW0107042394 Tokyo KYODO in English 0410 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—Prime Minister Tomiichi Murayama told South Korean President Kim Yong-sam in a telephone conversation Friday [1 July] that he would like to visit South Korea at an appropriate date, officials said.

Officials quoted Kim as telling Murayama, "Japan-South Korea relations are important and we have been in close touch with each other...I want to take every opportunity to meet you or talk with you by telephone."

Assuring his administration will stick with the previous government's foreign policy, Murayama voiced his desire to develop a forward-looking relationship between the two countries without forgetting history, the officials said.

On North Korea's alleged push for nuclear arms, Murayama said Japan will strive to resolve the issue while keeping in close contact with South Korea.

Kim replied he is satisfied with the new Japanese Government's policy of maintaining its stance on the issue of North Korea's suspected nuclear program, the officials said.

Murayama also spoke with U.S. President Bill Clinton over phone Friday.

Murayama Comments on Role in DPRK Nuclear Issue

OW3006051694 Tokyo KYODO in English 0503 GMT 30 Jun 94

[Text] Tokyo, June 30 KYODO—New Prime Minister Tomiichi Murayama said Thursday [30 June] that Japan has a role to play in peacefully resolving an international standoff over North Korea's suspected nuclear program.

"As a whole, prospects have opened to resolve (the nuclear issue) through dialogue," Murayama told reporters.

"I want to see to it that Japan plays a role in such a resolution through dialogue so as to prevent any complicated situation from arising," he said.

Referring to next month's Group of Seven summit in Naples, Murayama said Japan will underline its commitment to expanding domestic demand, promoting international harmonization on economic issues and aspiring for stable economic growth despite the rise in the value of the yen against other major currencies.

Murayama's Holds First News Conference

OW0107084794 Tokyo NHK General Television Network in Japanese 0502 GMT 1 Jul 94

[News conference by Prime Minister Tomiichi Murayama with unidentified foreign and domestic correspondents at the prime minister's official residence in Tokyo—live]

[Text] [Murayama] Thank you for your trouble to gather for this news conference. I assumed the post of the prime minister just two days ago. To be exact, 24 hours have not yet elapsed since I took office. I feel keenly the weight of responsibility as the prime minister while I carry out my duties every day. Today, I am holding the first news conference after taking office and I would like to ask for your cooperation. I issued a statement when I assumed the post of the prime minister and now I will field questions posed by all of you. I will carry out my duties as the prime minister by making full use of my experiences that I gained during my participation in the coalition government. I will have to do soul- searching about what I have to do. I will correct what needs to be corrected because I have to keep the coalition government in place. I intend to keep my coalition government stable while striving to meet truly the people's expectations of my coalition government and make my coalition government highly transparent and one that values the democratic method. I think that the most important thing is to deal with domestic and foreign issues.

It seems to me that concerns have arisen at home and abroad about my cabinet since it has been formed with its prime minister coming from the Social Democratic Party of Japan [SDPJ]. I will strive to turn my cabinet into one that will dispel those concerns, make both the Japanese and foreigners feel free of the concerns, and is trusted by them. I would like to solicit your cooperation from now on.

[Dean of the Press Corps] Mr. Prime Minister, I would like to congratulate you on your assumption of the post of the prime minister. I would like to begin soon a news conference upon your inauguration as the prime minister with the cabinet reporters. I, as dean of the Press Corps, a KYODO reporter, and a CHUNICHI SHIMBUN reporter will ask questions of general interest before you field questions from other reporters. Mr. Prime Minister, I am sorry to ask you to answer questions briefly as the length of this news conference is limited to one hour.

Over the past year, domestic and foreign groups of reporters attended news conferences held by three prime ministers, including you, and a very extraordinary situation continued. The new coalition government is already being criticized as a "yago" [an alliance of convenience] and some are saying that it is ridiculous for the Liberal Democratic Party [LDP] and the SDPJ to form an alliance. Mr. Prime Minister, how are you going to respond to the criticism? Mr. Prime Minister, you just said that you will strive to turn your cabinet into a cabinet that can make the people feel free of concerns. I would like to ask you how you plan to set specific goals for your government.

[Murayama] Each political party made moves to discuss what sort of framework should be created to form a new coalition after the Hata cabinet resigned en masse. Political parties discussed a range of options for a new coalition government. It was not desirable, however, that such a situation should be allowed to continue with the ordinary Diet session set to close on 29 June and a political vacuum should be allowed to continue by extending the Diet session. The political parties agreed on the point that their responsibility was to elect a new prime minister before the ordinary Diet session closed and inaugurate a new cabinet. They came to attend the plenary session of the House of Representatives to elect a new prime minister without reaching a decisive agreement.

Before election of the prime minister in the Diet, the SDPJ and Sakigake [Harbinger] reached a policy accord at the end of their policy consultations. They presented a draft of their policy accord to other political parties. In response, the LDP agreed in general with the draft of the policy accord. In the case of the SDPJ, it wanted to form a new coalition government. It held consultations with the former ruling coalition parties, but it failed to reach a policy accord with them because of insufficient time. I do not think at all that my coalition government formed by the SDPJ, Sakigake, and the LDP is an alliance of convenience. I believe that it is a government that has been formed on the basis of a policy accord.

[Murayama] As you know, the coalition government is composed of political parties with differing political beliefs and policies. If it is said that a coalition government cannot be formed by political parties with differing political beliefs and policies, then the successive coalition governments could have not been formed since last year. If political parties reach a policy accord on pending issues at the end of their candid consultations despite their differing political beliefs and policies, and a government is formed on the basis of the policy accord, I then think that the government in question is a coalition government. There is an argument that if a coalition government reflects a variety of views of the people and seeks areas of agreement, it then is more desirable than a one-party government, depending on the way that the coalition government is run. I think it is important for coalition partners to trust each other as much as possible and to hold candid discussions to build such a coalition government. They will have to make public the plans for their discussions and make the discussions clear to the people. I think that it is necessary for the coalition partners to seek a conclusion to their discussions while thinking of things together with the people. Their candid discussions will increase their mutual trust and ties. If their trust and ties are increased, this will further consolidate and stabilize the foundation of the coalition government. I believe that I need to run my coalition government that way.

[Dean of press corps] This question concerns the criticism of the alliance of convenience. While the SDPJ has advocated the need to defend the Constitution, the LDP has persistently stressed the need to amend the Constitution. In this way, there are fundamental differences between the two parties over the Constitution. There are concerns that policy differences would surface between the two parties over Japan's defense and security centering on the Japan-U.S. security treaty and the Self-Defense Forces [SDF]. Mr. Prime Minister, how are you going to accomplish policy coordination with the LDP?

[Murayama] As I said just a while ago, the policy accord on the formation of the new coalition government stipulates that the ideals of the Constitution must be honored. My coalition government was formed on the basis of the policy accord. I do not believe that such policy differences will surface in the future. With regard to the views of the SDF, I think that the SDPJ and the LDP hold differing views on the SDF. As for the question of how to deal with the SDF, however, I think that if the SDPJ and the LDP try to seek areas of agreement on the question through consultations, they will be able to find areas of agreement. As for the issue of the SDF, a defense panel has been created, and the panel is holding debates on the issue. I think that I should honor the conclusion that the panel will draw. If the SDPJ and the LDP hold candid discussions on how the SDF and Japan's defense capability should be maintained, taking into account the entire international situation, then they will be able to reach a policy agreement. I believe that if the SDPJ and the LDP hold discussions, they will find no wide policy differences between themselves. As I said just a while ago, over the past eight months, the SDPJ formed the coalition government with other parties, including Shinseito [Japan Renewal Party], and participated in running the coalition government. Therefore, I am not overly concerned about the policy differences between the SDPJ and the LDP.

[Dean of press corps] There is a major domestic policy task—the issue of handling a bill on the demarcation of single-seat constituencies under a new electoral system, which is an issue that the former coalition government left unresolved. Mr. Prime Minister, when do you plan to submit the bill to the Diet? What are the prospects for the bill being enacted in the Diet? For how long will you officially announce the bill? Some take a cynical view that the Murayama government may aim at dissolving the House of Representatives to hold the next general elections under the current multiseat constituency system. I would like to ask you whether you intend to dissolve the House of Representatives to hold the next general elections under the current multiseat constituency system.

[Murayama] I think that there have been various misunderstandings. The view I took before being elected prime minister was that the Hata government was an interim and minority government, that the interim government was unable to deal with major domestic and external issues, and that the Hata cabinet should resign en masse to pave the way for forming a stable government. The Hata cabinet held the power to dissolve the House of Representatives. If the bill is enacted for demarcating single-seat constituencies and they are demarcated, then the next general elections would be held under the single-seat constituency system. The bill will probably be enacted this fall. If the Hata cabinet exercised its power to dissolve the House of Representatives to seek the confidence of the public, claiming that there is no way but to dissolve the lower house before the bill is enacted, the next general elections would have to be held under the current multiseat constituency system. This is what I have stated as my view. I have never favored holding the next general elections under the multiseat constituency system, and I have never expressed the intention of holding the next general elections under that electoral system. I hope that you will not misunderstand my view. I have consistently favored the single-seat constituency system, and I worked for the passage of legislation for the single-seat constituency system. A council has been created, and the council is now discussing ways to demarcate the single-seat constituencies. The council is strictly neutral. The government cannot hasten or delay a proposal by the council for the demarcation by intervening politically with the council. I hope that the council will make a fair and impartial proposal for the demarcation. If a bill on the demarcation—a bill which is compiled on the basis of the proposal—is submitted to the Diet, I will ask the Diet to speedily deliberate the bill.

[reporter] I would like to ask you about the tax reform. The administrations in the past several years have made the tax reform their commitment. Prime Minister Murayama, do you intend to take over that policy? There appear to be differing views among the ministers in the new cabinet on this question, some of them, for instance, saying that the tax reform must come after the administrative reform. What is your comment on such a view? Are you thinking about raising the consumption tax rate at all? I would like to ask your view on these points.

[Murayama] The government has reduced taxes this year. With economic conditions being as bad as they are now, I think the reduction of taxes is necessary if only for the purpose of stimulating economy. This is also an international commitment for Japan. Hence, there is no change in the fact that we have to continue with the tax reduction plan.

But I think the people of the nation will not understand if the government says it wants to fill the revenue shortfalls by raising the consumption tax rate immediately. Therefore, I think we should be cautious about raising the tax rate. As such, there are people who are against raising tax rates on one hand while reducing taxes on the other hand.

But there are also the problems of what to do about the current government finances, financial resources to fill in shortfalls arising from tax reductions, or financial needs to address the problem of the aging population. There is no doubt that the tax reform is one of the major tasks faced by the government. I think what we need to do is to enable the taxpayers to understand and accept need for the taxes.

In order to do that, the government should be able to say and show to the people of the nation it will carry out daring administrative reform in order to reduce government expenditures. From the perspective of applying as fair taxes as possible, we also see the need to correct the present trend of the middle-class wage earners bearing too heavy tax burdens including income tax. Hence, we need to reform the tax system in a way that will ensure as fair tax burdens as possible. This means the reform needs to be carried out in a manner that takes income, assets, and consumption into account to ensure balance in taxation. We should view the tax reform question this way.

This means we need to think about what measures can be taken. For instance, by changing more taxes to indirect taxes, or by correcting the retrogressive nature of the existing tax system, or by correcting defects of the existing consumption tax, we should be able to convince the people that we are adopting a system that is acceptable to them.

If this can be done within this year, well and good. If more time should be needed, as I said earlier, I think that the most important thing is to make the taxpayers understand and be convinced that taxes are indeed justified and inevitable.

[Reporter] The Murayama government is called the doves' government. Do you think the government should participate in the peacekeeping operations [PKO]? What is your view on Japan participating in the peacekeeping forces [PKF]? The Hata government actively sought for Japan becoming a permanent member of the UN Security Council. I would like to have your view on that matter, too.

[Murayama] As far as the question of the PKO is concerned, we already have the history of having sent troops to Cambodia, Angola, and Mozambique. I think we have to make the PKO Law as the basis for actions. The operations must not be those which involve exercising force and must be those allowed under the Constitution. It is only natural that we should make active international contributions under these conditions.

But Japan bound by its peace Constitution has limitations to what it can do. We need to make sure that the operations be those permissible under the Constitution. That is the way I think.

What was the other question?

[Reporter] The issues of PKF and Japan joining the UN Security Council.

[Murayama] I think Japan's participation in the PKF is beyond the limit of what is tolberable. As to the question of Japan's permanent membership of the UN Security Council, in view of the fact that the number of UN member countries has increased so much since the day of the organizations' inception, I think the organization should be reformed in such a way as to better reflect the views of all member nations and thus to ensure more democratic operations. There are also other international tasks to be tackled—like the human rights issues, environmental issues, and so forth. I think it is important that the United Nations should be reformed to do better functionally.

I think we should make efforts to gain understanding from nations in Asia on the issue of Japan becoming a permanent member of the UN Security Council.

We should create an atmosphere wherein Japan's joining the council can be accepted as a natural act. I do not think we should engage in active lobbying to get a seat on the council.

[Reporter] This will be the last question from the representative companies. Next year will mark the 50th anniversary of the end of the war. I would like to ask your view about the war in the past.

[Murayama] As both Prime Minister Hosokawa and Prime Minister Hata have said in the past, we need to do soul-searching on Japan's responsibility in causing such ravages of war—in a humble manner. That should be only natural. Japan must think seriously about how it can gain trust of these countries.

[Dean of press corps] With this, questions from reporters of the representative companies have ended. Now questions from other reporters will start.

[Reporter] When do you think the bill on zoning of electoral districts will be passed by the Diet?

[Murayama] As I said earlier, the bill is now under review at the council in charge of fixing the districts. Once a draft is drawn up, it will become a bill and will be submitted to the Diet. If we assume that an extraordinary session of the Diet is called early in autumn, the bill will probably be submitted to the Diet at that session.

[Reporter] As I understand, it was confirmed at the summit talks of the LDP, the SDPJ, and Harbinger that the new administration will aim at the complete implementation of the political reform pogrom. Will it be correct to understand that enactment of the electoral districts bill is one of the commitments of your administration?

[Murayama] Well, since it is clearly stated in the agreement reached among our three parties, we are not negative about promotion of the political reform. We understand it will be necessary to promote the reform in a positive way. However, the Advisory Council To Work Out Electoral Districts should not be allowed to either speed up or slow down its study of the draft on purpose. The council members must persist in ensuring their neutral position, and in working out a fair and just draft. Once the draft is worked out, it is just a matter of course that the government will immediately turn it into a bill, submit it to the Diet, and ask it to conclude its deliberations at an early date.

At the same time, since there are still many issues related to the anticorruption bill that have to be examined, further discussions must be held among the ruling and opposition parties to work out drastic measures to prevent corruption, and thereby restore the people's trust in politics. We are also determined to deal with the issue on Diet reform in a positive way. Therefore, if anyone should feel that our administration is negative about the political reform, I hope they will change their views.

[Reporter] Mr. Prime Minister, I think it was right after your inauguration, you mentioned that it would be a matter of course to conduct the next general election under the new system. However, you have not made any commitment about conducting the next general election under the new system. Although this issue also involves the prime minister's right to dissolve the lower house, would you say that your intention to hold the next election under the new system is as firm as a commitment?

[Murayama] That is all correct. While taking the current situation into consideration, since it is inconceivable to conduct the election under that [former] system, I am convinced the next election will naturally be held under the new single-seat constituency system.

[Reporter] With regard to the UN Security Council permanent membership, Mr. Prime Minister, you have mentioned that the responsibilities for permanent members should be reviewed and that it will be necessary to win the understanding of Asian nations. When compared with views that others have expressed in the past, you seem to be taking a more cautious position. During the past year, opinions on taking more positive measures were stated in various forms. For instance, former Foreign Minister Kakizawa once stated that both Japan and Germany should be granted permanent membership. [words indistinct] How do you plan to indicate to other nations that there are also differing views?

[Murayama] Well, we will be in trouble if our position should be taken to indicate that Japan is negative about becoming a permanent member. That is not true. On the contrary, through our persistent efforts, we have now become a nation with strong economic capability. Our country has now become a nation with a great influence on the world. In this sense, I feel that a proposal can be made to assign our country to a post so that we will be able to play a role in the international community in accordance with our capability.

However, it does not follow that Japan should volunteer to take up this post in a positive way. On the contrary, I feel that objective conditions, in the true sense of the words, must be created, and all the nations must be made to feel that Japan is entitled to the permanent membership. In this connection, it is not true that we have become hesitant or we are going to turn our back on this post. I hope there will be no misunderstanding about our position. Since we have not changed our position, we will make positive efforts to carry out any assignments so that we can contribute to the international community based on our own capability.

[Reporter] When becoming a permanent member, will Japan be able to share military burdens?

[Murayama] For that reason, it should be noted that in becoming a permanent member, we may be merely asked to take up greater responsibilities and carry out various assignments while no attention at all is paid to our Constitution. It will not be desirable if such a state should be brought about. Therefore, I feel that in dealing with this issue, we must take all these factors into full consideration and point out a clear and precise orientation to win understanding of our people.

[Reporter] Mr. Prime Minister, as for North Korea, do you think that the SDPJ's close ties with North Korea will be an obstacle to resolving the issue of the DPRK's suspected development of nuclear arms, particularly if the United Nations eventually decides to impose sanctions in relation to science and technology, cash remittances [words indistinct]? How do you intend to maintain a balance between the United States, the ROK, and the DPRK?

[Murayama] With regard to the North Korean nuclear issue, our stand of settling the issue through dialogue remains unchanged. I think that all countries will agree with this. Fortunately, talks between the United States and the DPRK will be resumed, and North and South Korea have agreed to hold summit talks. I think it is important that such venues of dialogue be utilized fully to seek a solution through dialogue. I would like to work in that direction.

I spoke to South Korea's president over the telephone this morning. Japan has very close relations with South Korea. We agreed that we should maintain this close relationship and cooperate in dealing with the DPRK nuclear issue. We also agreed during the telephone conversation to maintain such cooperative relations in the future.

There is the question regarding the relationship between the Workers Party of Korea and the SDPJ. This is a party-party relationship. I think that it also has a role to play, and I hope that this role will be played. However, on the part of the government, because there is a historical background to bilateral relations, I think that due regard should be paid to what has happened in the past in dealing with both North and South Korea. I would like to say that this policy remains unchanged.

[Reporter] Mr. Prime Minister, I would like to ask about the PKO issue. In the past, when the PKO-related bill was put to a vote, the SDPJ members, including you, voted against the bill and submitted their resignations. Now you are the commander in chief of the SDF. What do you think about such actions taken in the past?

[Murayama, interrupting] I am not the commander in chief. [sentence as heard]

[Reporter] What do you think about such actions that the SDPJ took in the past?

[Murayama] When the draft bill was formulated, the SDPJ opposed the bill because it did not want to see the bills passed. However, the PKO law has already been enacted, and as I stated earlier, actual PKO activities have already been carried out under the law. In view of the records of these activities, I think that as our international contribution, we positively have to do what we can do within the limits of the Constitution. I would like the people to understand that the SDPJ is not in the position wherein the party still opposes the law because it voted against the bill in the past.

[Reporter] My question is about the tax system. Your earlier comment gave the impression that you have half given up formulating a draft bill on tax reform by the end of this year. I would like to ask how and with what steps you plan to promote tax reform. The Hata government sought to formulate a draft bill for tax reform by the end of June. I would like to ask you this year's schedule for the government's work for coming up with the draft bill.

[Murayama] Because the tax reform council's proposal has already been submitted, I, of course, have to pay due regard to the report. Therefore, discussions on the matter will be carried out within the ruling parties while the government also comes to grips with this issue. The government's stand of making all-out efforts to formulate the draft bill with the aim of having the bill passed by the end of this year remains unchanged.

[Reporter] Mr. Prime Minister, I would like to ask about Japan's relations with Russia. Although Japan [word indistinct] has now seen three changes of government, do not you think that such an unstable government will have a harmful effect on its relations with Russia? Also, is there an agreement between Japan and Russia that Japan's prime minister will visit Russia this year? Although both Mr. Hata and Mr. Hosokawa failed to visit Russia when they were prime minister, do you have any plan to or intention of visiting Russia?

[Murayama] It is not a just matter of relations with Russia. The fact that the Japanese Government is in a sense in an unstable situation makes foreign nations anxious. It is not desirable. It goes without saying that we need to stabilize the government as quickly as possible. With regard to a visit to Russia, I do not so far have any schedule for visiting Russia, but I will have my office study this, and I would like to consider visiting there when I see that a visit is necessary and can be effective.

[Reporter] Mr. Prime Minister, I would like to ask about the issue of postwar reparations. The SDPJ's position is that reparations should be paid to individuals. Meanwhile, the government, as well as the LDP, has said that individual reparations should not be made because the postwar reparations issue has been solved legally. How do you plan to deal with this issue?

[Murayama] The dispute between Japan and foreign nations over postwar compensation has been settled. However, individual problems still remain, and individual lawsuits have been filed. If a decision is made by the court, we have to respect the decision. We have to study what we have to do to provide compensation. I think, however, that we must consider whether such reparations should be given to individuals or in what ways we should offer compensation for what Japan did in the war. Therefore, paying compensating to individuals, if possible, is one of the choices. I think that a serious study on methods of compensation is needed. However, I do not believe that we do not need to pay compensation for Japan's wartime acts.

[Reporter] Labor Minister Hamamoto made remarks against the dispatch of the SDF overseas. What do you think of his remarks? In addition, what do you think of arguments within the SDPJ over whether or not the existence of the SDF is constitutional?

[Murayama] I think there are various opinions about this issue. But there is a clear-cut unified view adopted by the former governments. We will have to have heated discussions on how we should characterize the SDF from now on. Through discussions, a consensus will be formed among the SDPJ, the LDP, and Sakigake on how we should deal with the SDF in actuality. We should handle this issue from this viewpoint. When the labor minister said he opposed dispatch of the SDF troops overseas to participate in the PKO, he meant he opposed the SDF participation in such activities as military operations. I take his remarks this way.

[Reporter] Do you mean you would shelve the issue concerning the relationship between the Constitution and the SDF?

[Murayama] The SDF exists in actuality in accordance with the law. We cannot pursue politics while ignoring the existence of the SDF. Therefore, how to cope with the SDF, which is considered to be existing lawfully, is a matter of policy and politics. We have to energetically discuss this issue, I think. I hope you will understand.

[Reporter] Mr. Prime Minister, you said earlier that there was anxiety at home and abroad and that you would like to dispel this anxiety. I also think the inauguration of your government has caused deep anxiety. For example, U.S. Secretary of State Christopher said the Murayama cabinet is an abnormal government. He said it is abnormal for political parties with different policies to jointly establish a government. Could you frankly tell why you think the government led by the SDPJ chairman has caused anxiety at home and abroad? And how are you going to dispel the anxiety?

[Murayama] Frankly speaking, I think such anxiety exists not only in other countries but also among the Japanese people. The approval rating of my cabinet immediately after its inauguration was very low, compared to those of former governments. I think the cause for the low supporting rate is that there is anxiety over whether the SDPJ and the LDP, which have a long history of antagonism, will really be able to get along with each other. The government will and has to dispel such anxiety by bringing about results.

This morning, I talked with both the South Korean president and U.S. President Clinton over the telephone for about 20 minutes. The LDP was in power for a long time and the former coalition governments were led by conservatives. After all these governments, a cabinet led by socialists has suddenly been inaugurated. It is inevitable that other countries have anxiety over the SDPJ-led cabinet, over whether or not it will change Japan's diplomacy, or whether good relations will be maintained. So, in today's telephone talks, I assured them that there was no change in Japan's diplomacy, and that Japan considered international cooperation important, in particular, cooperation with the United States. Because the relations between Japan and the United States are influential in the international community, I said over the telephone I would like to cherish the cooperative ties with the United States.

[Reporter] But the general understanding is that deep anxiety stems from the fact that the SDPJ placed importance on relations with socialist and communist countries in the Cold War era, and the party advocated a socialist economy. Could you make clear to the people how you will sever relations with socialist and communist countries from now on? Also how are you going to put your party in the trend of liberalism seen in Western countries?

[Murayama] This is an unexpected question. The SDPJ has changed a lot. The word socialism no longer appears in the party platform and action program. Considering it is necessary for the SDPJ to transform itself into a party capable of dealing with changes in the world and with the new era, the party has changed greatly. I hope you will change your image of the SDPJ.

[Reporter] Your administration has been formed as an alliance of the LDP and the SDPJ, and the coalition government will eventually have to fight together in the next general election or the summer 1995 upper house election. As a matter of fact, however, the LDP and the SDPJ are strongly confronted in most election districts. In this regard, there is speculation that the LDP-SDPJ coalition would collapse as soon as a national election is held. So, please let me ask you if you are resolved to further strenghthen cooperation with the LDP with such measures as joint election campaigns or limit on the number of party candidates?

[Murayama] I have been saying that such concern stems from past relations between the two parties—antagonism throughout the last 38 years. However, we are now entering a period of change and reform. The LDP is going to change. While it has ruled the nation for 38 years and still has 206 seats in the lower house, it supported the chairman of the 74-man SDPJ as the prime minister. I believe that was a very difficult and brave decision for the party, and the decision symbolizes the LDP's eagerness to reform itself. Thus, the LDP will change hereafter, and the SDPJ will change, too. In this self-improving process, the two parties will certainly cooperate with each other in all possible fields. It depends on future developments on the political scene, but the new framework of multiparty cooperation will be established through each party's self-improving efforts, and I believe various election arrangements with the LDP should be flexibly considered from now on. Therefore, I think it is not correct to consider that the LDP-SDPJ antagonism continues forever because of their past relations.

[Reporter] Do you mean the composition of the coalition may change during your ruling?

[Murayama] No, I did not say so. I just talked about future possibilities.

[Reporter] Mr. Prime Minister, you once said you recognize the existence of the SDF in actuality. If I did not misunderstand your words, you said the SDF is legal but unconstitutional. Is that your position as the prime minister?

[Murayama] I did not use the phrase legal but unconstitutional. As the person in charge of the nation's politics, I have to encourage political debates on how the actual existence of the SDF should be defined in connection with the current international situation, and how it should be reformed or reorganized. This topic should be positively discussed as a policy issue. In fact, the government's advisory forum is studying this issue. In line with the forum's recommendation, I hope both the ruling parties and the government agencies will carefully discuss this issue. I think this issue is one of the tasks on which I should work during my term.

[Reporter] Mr. Prime Minister, you just said the SDPJ is not like what it used to be, and the party's past opposition to the UN Peace Cooperation Law does not necessarily affect its present stance. If you say the SDPJ is changing, its policies may change in the future no matter what you say today. So, could you tell me what is the Murayama administration's unalterable principle?

[Murayama] I do not want you to consider that the SDPJ is now for Japan's UN peacekeeping role while it opposed the issue in the past. That is a thoughtless idea. The SDPJ once opposed UN operations because we thought dispatch of the armed SDF personnel independent of the UN command was unacceptable. We insisted that Japan's UN role must be played in civilian fields with non-military and civilian-controlled personnel. That is why we called for the establishment of a UN cooperation organization separate from the SDF. While the UN Peace Cooperation Law was enacted without our proposal, the law exists as a decision of the majority. Hereafter, the SDPJ should consider that the law is the primary safeguard in determining Japan's UN cooperation policies in individual cases, and we should encourage Japan's positive role under the limitation of the law and the Constitution. I hope you understand my position this way.

Regarding possible changes in my policies, I do not know how the society will change in the future. So, it is meaningless to tell you my future courses of action based on assumptions, and I am telling you about my perceptions as they are now. With respect to the SDF dispatch to serve as the UN peacekeeping forces, the government has no plan to do that.

[Reporter] Mr. Prime Minister, do you think the lower house should be dissolved as soon as seats are allotted to the new single- seat constituencies, or do you think the members should serve until the expiration of their term? While the SDPJ says it takes positive attitudes toward investigation of political scandals, including the so-called general constructor scandals, you appointed LDP members to posts of the justice minister and the National Public Security Commission chairman. Could you tell us the reason for the appointments?

[Murayama] I think appointment of LDP members as the justice minister and the National Public Security chairman do not adversely affect the government's anti-corruption policies. The justice minister fulfills his duties in line with the cabinet's policies, and I think his political background has nothing to do with his performance.

At present, the government has so many urgent issues related to both foreign and domestic policies. Under such circumstances, the government has a responsibility to run a stable and long-lasting administration to meet public expectations. Therefore, I have not thought about dissolving the house.

[Reporter] While you said you will establish a dovish administration, there still are many hawkish members in the LDP. What are your definite plans to run your dovish government overcoming pressures from the LDP hard-liners?

[Murayama] As I told you earlier, the coalition parties have an agreement on the stance of the new administration. My perception is that the tone of the agreement is quite dovish. It was jointly formulated by the SDPJ and the Sakigake, and the LDP accepted that almost completely. The new government will be managed based on the three-party agreement.

As a matter of fact, there are the so-called hawks and doves in the LDP—I am not sure if such expressions are really appropriate. Similarly, the SDPJ has conflicts between the so-called rightists and leftists in the party. Generally speaking, each party inevitably has various opinions among its members. I have no concern about this point as long as both the LDP and the SDPJ are sure about what to do for the administration as a whole. Individuals may have different opinions, but the significance of a coalition government is to join forces overcoming such discords. We will be able to meet wide-ranging public demands by pursuing the merit of a coalition government. In this sense, I am not worried about this point.

[Reporter] [Word indistinct] about the decisionmaking process. Judging from the cabinet list announced yesterday, I cannot help but think that if democratic process is adopted in the ruling parties, the LDP's power is dominant in the cabinet. What sort of a decisionmaking body do you plan to create within the ruling parties? This question probably has something to do with the SDPJ's position in the former coalition. And, although I think what underlies the people's concern over the SDPJ-led government is the party's incoherent position, what do you think the leadership of the prime minister should be?

[Murayama] Concerning the system of managing the coalition government or a decisionmaking body, in the case of the government, it has a cabinet meeting. But as for each party's own system to support a decisionmaking body of the ruling parties, I think discussions have been held among the ruling parties. As I stated earlier, the ruling parties have agreed to create a decisionmaking body that can manage the government as democratically as possible and that is transparent to the people. Therefore, for example, a body could be set up as the supreme decisionmaking organ jointly managed by secretay general from each party with Diet Affairs Committee chairmen and [word indistinct] serving as assistants. Discussions are under way among the ruling parties to create a body—like the LDP's General Council, which is a body composed of representatives from each faction—that can reflect opinion of each ruling party without being partial and that can be managed without any disadvantage to a certain coalition partner.

[Reporter] Mr. Prime Minister, some SDPJ memmbers rebelled against the party's decision in voting for the prime minister. In this connection, I would like to ask:

How will you deal with those rebels and those who have reportedly decided to leave the party? I also want to ask—I think what has led to the current situation is the former coalition's hard-line attitude toward the SDPJ—what do you think about the former coalition and currently the opposition camp, and what sort of relations with the former coalition the SDPJ, as a ruling party, plans to establish?

[Murayama] Within the SDPJ, there were some members who did not write the name Tomiichi Murayama while casting their vote. This means that they violated the party's decision, and therefore, I think an appropriate decision will be taken after serious discussions are held on how to deal with them. We are faced with such a severe situation, and I hope that through discussions, a logical decision will be arrived at so that the party unity is secured.

[Reporter] The Murayama government is ....

[Murayama, interrupting] Wait, please. I have not finished answering the question yet. It is important to stabilize the government that can set the people or foreign nations at ease. This is an important task of my cabinet. Therefore, it is necessary to make further efforts aimed at stabilizing the foundation of the government. This is one of the tasks. In addition, as for our relations with parties which have become opposition parties from the ruling parties, I think full discussions should be held with them according to the rules of Diet management. I think it is possible to win their understanding and cooperation if discussions are held with emphasis on what we can do for Japan and what we can do to meet the expectations of the people. With this in mind, I would like to sincerely manage this coalition government.

[Reporter] Mr. Prime Minister, I would like to ask you one more question about the issue of North Korea. It is natural to seek a settlement through dialogue. But if dialogue should end in failure and if the United Nations or the international community should decide on taking economic and other sanctions, will the government accept such a decision and take concerted action with them?

[Murayama] I have repeatedly been saying that in a situation wherein U.S.-DPRK talks are about to resume and possibly continue, it is not wise to discuss whether Japan should follow the other nations' decision on sanction measures. Rather than discussing possible sanctions, I think that at the present stage, it is important to cooperate in bringing the talks to a successful conclusion. Therefore, I do not think I should make definite remarks on this issue.

[Reporter] [word indistinct] The SDPJ has been facing the issue of the national flag and the national anthem. As you know, a big Rising Sun flag is displayed in the prime minister's office. What is your honest impression about it and what is your view on the issue of the national flag and anthem?

[Murayama] As for the national flag, I think that with the passage of nearly 50 years after the war, the people are increasingly becoming attached to it. For example, the Rising Sun flag is raised if a Japanese athlete wins in the Olympic games, and the Japanese people are deeply impressed and give a big hand. Judging from this circumstance, I think the Rising Sun flag has taken root as the national flag. So, I am of the opinion that it is of no use to oppose it. With regard to the national anthem—even though I think the people are less attached to it than the national flag—it is taking root in its own way. However, it is not desirable to force the people to accept it by exercising government's authority. I think it should be treated as the people naturally feel about it.

[Reporter] I would like to ask you about your stance toward war compensation and your policy accord with the LDP. The policy accord has an article on policies for the 50th anniversary of the end of World War II, seeking a new legislation to aid atomic bomb victims. The LDP has opposed the legislation so far. How will you realize your policy?

[Murayama] That policy should be implemented as a law from now on. The SDPJ has been calling for the legislation to help atomic bomb victims, and the LDP takes a relatively negative attitude toward that. Since the coalition government has not yet finalized its policy for the legislation, we have no intention to enforce our views. So, I hope the government and the ruling parties will thoroughly discuss the issue.

[Reporter] Do you intend to open a Diet session before the next extraordinary session scheduled for this fall to reveal the Murayama administration's policies to the public?

[Murayama] I would like to carefully study if the extraordinary session can be held earlier, and if it is really necessary, in view of political schedules hereafter.

[Reporter] You have no intention to postpone your first policy speech until fall, right?

[Murayama] I would like to carefully consider whether I should better wait until fall, or my policy speech should be made earlier to obtain public's understanding.

[Reporter] The appreciation of the yen rate is being accelerated, and the United States is urging Japan to expand its domestic market. To settle these problems, Japan should clarify its stance to continue its tax reduction and to expand public investments. Do the government and the ruling parties have plans to hammer out these policies before the upcoming Japan-U.S. summit talks and the Group-of-Seven summit? The Finance Ministry insists that it cannot promise these measures until revenue resources are secured. You have said you would like to reach a conclusion on the tax reform issue before the end of this year—this sounds like you may not be able to meet the deadline. So, I would like to ask for your tangible plans to deal with the issue.

[Murayama] As I said earlier, I believe tax cuts are necessary to stimulate demestic demands and in view of international cooperation. Thus, the government will implement tax cuts continuously. Regarding revenue resources for the tax reduction, we will try our best to settle the issue before the end of year taking into account various opinions.

[Reporter] In connection with the last question, the previous administration promoted working-level studies on the new five-year plan for public investments. However, bureaucrats said the plan cannot be formally offered unless revenue resource are secured. Do you intend to settle the issue before the G-7 summit? Another question: Recent press reports said U.S. Secretary of Treasury Lloyd Bentsen had candidly urged Japan to further reduce the discount rate. What is your response to the U.S. demand?

[Murayama] In the Japan-U.S. Structural Impediments Initiative talks, Japan pledged a spending of 430 trillion yen [Y] for public investment projects in the coming 10 years. In view of the Japan-U.S. economic harmony and the domestic economic situation, the government is considering if the Y430-trillion quota should be further expanded, and reviewing allotment of public investment funds. In other words, Japan is reviewing both the quality and the quantity of public investment programs. So, I think I should deal with this issue depending on outcome of the working-level studies.

When I go to Naples to attend the G-7 summit, I will also have the summit talks with the U.S. President. At the talks, I would like to frankly discuss these issues and to deepen mutual understanding. When I talked with President Bill Clinton on the telephone this morning, I told him that I am looking forward to seeing him at the summit, and to having frank talks on problems between the two nations.

[Reporter] Mr. Prime Minister, I would like to ask about domestic measures to deal with a trade agreement reached at the Uruguay Round of talks, which is to be ratified this autumn. [word indistinct] You, as the chairman and [word indistinct] have said that it is necessary to take budgetary measures beyond the budget ceiling. What is your position on this issue?

[Murayama] We have to study whether it is possible to take budgetary measures in view budget compilation. In short, we have to predict how the fact that Japan has accepted a compromise proposal for concluding the Uruguay Round of talks and partial import of rice will impact on Japan's agriculture and to study how we should protect our agriculture. Judging from this viewpoint, we need to increase existing budget if it is deemed necessary. I think we have to make such efforts. However, as for the possibility of taking budgetary measures beyond the national budget—since what underlies the calls for setting up another budget framework beyond the fiscal budget is the desire to protect Japan's agriculture by increasing budget—I think the budget compilation should be carried out with such calls in mind.

[Dean of the Press Corps] Please let me speak. Since we have no time, the next question will be the last one.

[Reporter] Mr. Prime Minister, yen's exchange rate is rapidly increasing probably because of speculators' shock at the inauguration of the Murayama government. What realistic, concrete measures are you planning to take to deal with yen's appreciation?

[Murayama] We cannot intervene in the currency market more than we need, and the government's intervention greatly affects the currency market. Although I have seen a report in a newspaper saying stock prices [as heard] would drop to the level of 80 yen if the coalition government is formed between the LDP and the SDPJ, I do not think it directly affects exchange rates. Because there are various causes underlying fluctuations of exchange rates, such as an increase and drop in yen's rates, I do not think this issue can be taken so simplistically. However, since every country does not want to see exchange rates sharply fluctuate, I think it is necessary to stabilize exchange rates as much as possible. As stated earlier, since the summit meeting is drawing near, I think that every country should cooperate in stabilizing the foreign exchange market as much as possible.

[Reporter] [word indistinct] Since last year, Japan's politics has been in turmoil in which the people have been ignored. In this sense, I think the opportunity of appealing for the judgment of the people should be availed at early date. Do not you think it is necessary to decide on dissolving the Diet for election soon after political reform is completed with the adoption of the redistricting bill?

[Murayama] I am fully aware of such calls. But as I stated earlier, since the government is responsible for settling immediate issues both at home and abroad, it is necessary to consider whether creating political vacuum by dissolving the Diet is acceptable. It is also necessary to study how the government can meet the people's feelings and expectations. Therefore, at present, I am not in a position to comment on the calls for dissolving the Diet for election.

[Dean of Press Corps] Now we close the news conference. Thank you very much.

[Murayama] Thank you very much.

Press Coverage on Reaction to New Government

Takemura's Challenge: 'Bureaucrats'

OW3006071894 Tokyo KYODO in English 0645 GMT 30 Jun 94

[Text] Tokyo, June 30 KYODO—Newly appointed Finance Minister Masayoshi Takemura faces one of the toughest jobs in the new socialist-led cabinet—how to control the bureaucracy over the controversial issue of tax and fiscal reforms.

Takemura, 59, is new to financial and diplomatic affairs as he has been devoting his energy to political reform and environmental problems.

On the political front, however, Takemura demonstrated his formidableness and audacity as head of new party Sakigake [Harbinger] by helping bond the archrivals, the Social Democratic Party and the Liberal Democratic Party (LDP), into a new ruling coalition under socialist leader Tomiichi Murayama as prime minister.

Takemura, chief cabinet secretary in the administration of former Prime Minister Morihiro Hosokawa, led his party out of the then ruling coalition in disaffection with the political maneuvering of coalition partners Shinseito [Japan Renewal Party] and Komeito [Clean Government Party].

Takemura was once an LDP member, but quit the long-ruling conservative party shortly before the July 1993 election for the House of Representatives to protest the LDP's failure to carry out political reform.

He was a bureaucrat at the Home Affairs Ministry before being elected mayor of Yokkaichi, Shiga Prefecture, and later governor of the prefecture. He has been elected three times to the House of Representatives from Shiga Prefecture.

Ministry Embarrassed by New Cabinet

OW0107081194 Tokyo NHK General Television Network in Japanese 1021 GMT 30 Jun 94

[Announcer-read report; from the "NHK News" program]

[Text] The Ministry of Finance [MOF], which is charged with handling the issue of reforming the current tax system, is not hiding its embarrassment over the formation of the new cabinet. With regard to the issue of reforming the current tax system, the MOF intended to speedily map out a package of concrete measures—including the degree to raise the consumption tax and the timing of doing so—for reforming the current tax system under the former coalition government, which was eager to raise the consumption tax prior to the industrialized nations summit scheduled for next month.

The new government, however, has said that it will work to enact relevant bills for reforming the current tax system, without indicating a clear-cut stand on raising the consumption tax. There is a growing sense of crisis within the MOF that the new government may postpone raising the consumption tax.

Masayoshi Takemura, a Sakigake [Harbinger] representative who has been named finance minister, told a news conference that he would give priority to cutting fiscal spending through promoting administrative reforms to make up for a fiscal shortfall resulting from the tax cuts. At the news conference, he also made clear his posture of cautiously studying an increase in the consumption tax.

The MOF will have to decide whether to carry out the conventional policy of cutting the income tax and raising the consumption tax at the same time. As a result, the MOF will be pressed to carry out a more difficult type of coordination than ever before with the new government.

Military's Discomfort With Murayama

OW0107085794 Tokyo NHK General Television Network in Japanese 1023 GMT 30 Jun 94

[Announcer-read report; from "NHK News" program]

[Text] The Defense Agency [DA] tomorrow will mark the 40th anniversary of the founding of the Self-Defense Forces [SDF]. The Social Democratic Party of Japan [SDPJ] has so far taken a stand critical of the SDF, and many DA officials and members of the SDF are not concealing their embarrassment over the inevitability of their greeting the SDPJ prime minister as the commander in chief of the SDF.

[Begin recording of unidentified SDF officer at military base] Speaking honestly about my first thoughts, I felt a bit shocked [about Murayama's election victory]. The SDPJ has expressed various views in the Diet on the issue of our defense buildup capability. The chairman of the SDPJ has become the prime minister, who is our commander in chief. I am a bit wary of the SDPJ's past history. [end recording]

[Begin recording of unidentified DA official in office] I think that cabinet ministers from the Liberal Democratic Party [LDP] have a very good knowledge of defense policy, and I feel relieved. [end recording]

So far, there have been wide differences between the SDPJ and the LDP over security issues. It is not clear, therefore, how the new coalition government will handle defense policy in the future.

[Begin recording of Hikaru Tomizawa, Ground Self-Defense Force chief of staff, in office] The basic national defense policy will not change a whole lot no matter who becomes prime minister and no matter with what party he is affiliated, and the national defense policy should not be changed. In the past, the national defense policy has not changed despite a change of prime ministers. I believe that our SDF members will not be discouraged. [end recording]

The DA is now working on a study of how to rebuild Japan's defense capability in the post-Cold War era. The DA has many tasks, including the task of dealing with the situation on the Korean peninsula and the task of dispatching peacekeepers to other nations. The DA is watching specifically how the new government will deal with defense policy.

Troublesome Defense Policy

OW0107051094 Tokyo KYODO in English 0454 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—An unnamed government source expressed anxiety Friday [1 July] over the new government's defense policy.

The Social Democratic Party (SDP) and the Liberal Democratic Party (LDP), which make up the new coalition government, have historically disagreed on defense issues.

"The most difficult question is how they should deal with their differences on defense policy and the Japan-U.S. security treaty," the source said.

"They have to decide how they will deal with concrete cases," the source said, referring to Japan's role in possible U.N. sanctions against North Korea over its suspected nuclear development.

The source said both parties must make concessions.

Until recently, the SDP said Japan's Self-Defense Forces were in violation of the war-renouncing Constitution.

In other areas, the government source said it will be difficult for the coalition to raise the consumption tax substantially.

Business Leaders Dismayed

OW3006130294 Tokyo KYODO in English 1233 GMT 30 Jun 94

[Text] Tokyo, June 30 KYODO—Japanese business leaders expressed dismay and concern Thursday [30 June] over the inauguration of a three-party coalition government under Tomiichi Murayama, Japan's first socialist prime minister in 47 years.

Murayama, chairman of the Social Democratic Party (SDP), earlier Thursday formed his 21-member cabinet, comprising members of the SDP, conservative Liberal Democratic Party (LDP) and new party Sakigake [Harbinger]. The LDP got the key, foreign, trade and defense portfolios.

Takeshi Nagano, president of the Federation of Employers Associations (Nikkeiren), said the coalition partners appear to have basic policy differences.

He said the differences raise concerns about political stability, proposed political reforms and other issues.

Junichiro Tanaka, president of leading real estate developer Mitsui Fudosan Co., expressed dismay over the political partnership involving the SDP and the LDP, former political rivals.

Hajime Murata, chairman of the Japan Petrochemical Industry Association, also said he has a sense of anxiety over the coalition of former adversaries.

But Shoichiro Toyoda, chairman of the Federation of Economic Organizations, noted that experienced politicians got the key portfolios in the cabinet and expressed hope that the cabinet will successfully tackle the important policy issues facing Japan.

Taming Bureaucrats Seen Crucial

OW3006140794 Tokyo KYODO in English 1319 GMT 30 Jun 94

["News Focus" by Kohei Murayama: "Taming Bureaucrats Vital for New Political Leaders"]

[Text] Tokyo, June 30 KYODO—The new clique of ruling politicians threw down the gauntlet on Thursday [30 June] to financial officials known for their dominance of Japan's powerful bureaucracy, a move that might be welcomed by the United States.

The government challenge aims at loosening Japan's tight fiscal and credit stances primarily for measures that require prompt action, such as the yen's rise and tax reforms ahead of the Group of Seven (G-7) summit in Naples, Italy, next week.

Speaking separately after being appointed on Thursday, new economic ministers vowed to pursue measures to stabilize currencies and multiyear income tax cuts as promised in the March market-opening package.

But they rejected bureaucracy plans to link tax cuts to an offsetting consumption tax hike in drawing up the reform bills, and hinted at their intention of promising only the tax cuts and reserving the tax hike until the economy recovers.

The U.S. has been demanding just such a scenario, and President Bill Clinton has openly criticized financial bureaucrats for blocking political decisions.

"We can't just follow the bureaucrats," said Construction Minister Koken Nosaka, a member of the Social Democratic Party (SDP) headed by new Prime Minister Tomiichi Murayama.

Japan also vowed in the March package to boost its 10-year (1991- 2000) plan worth 430 trillion yen in public works spending. But the Finance Ministry has been urging a funding scheme aside from issuing bonds.

Government sources said the Clinton administration has informed Japan it is ready to wait until September for a decision on those promised actions.

Newly appointed Finance Minister Masayoshi Takemura said that multiyear tax cuts are "necessary" primarily to ease heavy burdens on the middle-income bracket under the current system.

But as for funding, he said, "the government must first seek concrete programs to cut its own waste, like corporate restructuring, and to rectify unfair tax systems instead of immediately discussing a tax hike."

Takemura, chief cabinet secretary in the cabinet of former Prime Minister Morihiro Hosokawa, strongly objected to Hosokawa's "national welfare tax" plan in February.

The plan to adopt a 7 percent welfare tax to replace the present 3 percent consumption tax in three years after implementing 6 trillion yen worth of income tax cuts was soon scrapped due to strong opposition from the SDP, which was then a coalition member.

Takemura later split from the coalition with his new party Sakigake [Harbinger] along with the SDP, discouraged by what they call the forcible decision-making process led by Shinseito [Japan Renewal Party] strategist Ichiro Ozawa.

This feud apparently stemmed from the decision on the welfare tax plan, with Vice Finance Minister Jiro Saito, the top financial bureaucrat, being said to have masterminded it.

"We must avoid making the same mistakes again," Takemura said.

Speaking at a news conference after the cabinet appointments, Saito refused to comment much, merely saying he will "consult and obey."

Saito said bureaucrats must take the role of a "kuroko," the black-garbed stage assistant in kabuki plays.

On measures to stem the yen's record-breaking rise, the key is whether Takemura can lead bureaucrats and Bank of Japan [BOJ] Governor Yasushi Mieno to make concerted credit moves with the G-7 partners.

Offering no specific measures, he said, "I will work on international cooperation with great interest in currency stability."

With last Friday's joint global market intervention failing to lift the dollar, market players are expecting the G-7 nations to agree on credit cooperation at the Naples summit as they did in May.

The dollar hit another global low of 98.55 yen in New York on Wednesday.

Together with market interventions when the dollar was near to falling below 100 yen in early May, the U.S. raised its key rates, while Germany cut its key rates with other European nations following suit, and Japan maintained its loose stance on the money market.

But BOJ Governor Mieno has been hesitating to make any further cuts in the official discount rate, currently at an all-time low of 1.75 percent, to avoid a resurgence of the "bubble" economy.

Meanwhile, business leaders have expressed concerns over the new coalition between the former archrivals—the SDP and Liberal Democratic Party (LDP)—about prompt currency action.

Lower interest rates would obviously be welcomed by the LDP, mainly supported by business circles that will enjoy lower fund costs, but not by the socialists in the labor union camp as low rates cut into savings.

Hashimoto on Yen, Framework Talks, Tax Reform

OW0107134594 Tokyo KYODO in English 1319 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—The United States is unlikely to take action that would lead to further appreciation of the yen against the dollar, International Trade and Industry Minister Ryutaro Hashimoto said Friday [1 July].

"The latest yen surge is very painful for Japan and also undesirable for the U.S.," Hashimoto said in a joint interview with news organizations.

He said the yen's further rise would only push up interest rates in the U.S., a situation Washington does not want to happen with the approach of an off-year election this fall.

Hashimoto expressed Japan's resolve to settle talks on three priority areas in bilateral trade "framework" negotiations before next week's summit of the Group of Seven (G-7) leading industrial nations in Naples.

But Japan will seek settlement in a manner that "would not cause regret in the future," he said, indicating Tokyo will not accept "numerical targets" in the trade talks.

On the proposed tax reform, Hashimoto warned against easily resorting to an increase in the 3 percent consumption tax as a way to finance the proposed introduction of multiyear tax cuts.

Referring to a consumption tax hike to at least 7 percent proposed recently by the government's Tax Commission, Hashimoto said fiscal analysis to support the idea is not convincing.

In view of an expected increase in social security costs along with the rapid aging of this society, indirect taxation such as consumption tax increases should be raised gradually, Hashimoto said.

But there could be other ways of covering increasing social security costs, he said, citing a hike in pension premiums as an example.

Currency To Be 'Major' G-7 Summit Topic

OW3006172794 Tokyo KYODO in English 1700 GMT 30 Jun 94

[Text] Tokyo, July 1 KYODO—How to tame the turbulent currency markets is likely to be one of the major topics at the coming Naples summit of the Group of Seven (G-7) industrial countries, new Trade Minister Ryutaro Hashimoto said late Thursday [30 June] night.

"My impression is that a significantly large weight will be given to the currency issue at the G-7 summit," Hashimoto told his first press conference as the head of the Ministry of International Trade and Industry (MITI).

The chief economic topic of growth and employment at the July 8-10 summit could thus be overshadowed by a focus on what to do with the currency market, Hashimoto said.

Hashimoto, a former finance minister, said the yen's renewed surge against the dollar has been partly ascribed to speculative movements.

The current yen rise is likely to cause "very serious" problems not only to Japanese industrial sectors but ordinary consumers as well, Hashimoto said, noting the need for major countries to cooperate in bringing down the yen's excessive rise.

But he warned against the Japanese monetary authorities easily resorting to a key interest rate cut from a postwar low of 1.75 percent, saying pensioners and other people living on interest earnings should be considered.

A further yen rise would "splash cold water" on the burgeoning recovery of the Japanese economy, Hashimoto said.

Hashimoto said a proposed introduction of multiyear tax cuts should not be easily justified by increasing the 3 percent consumption tax.

This year's tax cut should definitely be continued into years to come while the Japanese people's financial burden to cover increasing social costs in a rapid aging society is unavoidable, he said.

How to finance an increase in such costs should be left to the judgment of the Japanese people, he said, proposing a nationwide poll as one way of gauging the public's stance on the issue.

He said there are two ways of financing the expected social costs—a hike in taxes and an increase in pension premiums.

"Which should be selected is debatable," he said.

On alleged concern over Japan's having a socialist premier, Hashimoto said Prime Minister Tomiichi Murayama himself and other key cabinet members should make clear that there will be no change in Japan's diplomacy.

"The coming Naples summit will provide the best opportunity for erasing international concern," Hashimoto said.

He said he fears the United States may keep its distance from the Murayama government just because of his party's nature.

Murayama should use the coming summit to deepen personal ties with leaders of other G-7 nations, Hashimoto said.

Currency Issues Not Major Summit Topic

OW0107120994 Tokyo KYODO in English 1155 GMT 1 Jul 94

[Text] Tokyo, July 1 KYODO—Currency issues will not become a major topic at the coming Naples summit of the Group of Seven (G-7) key industrial nations, a senior Foreign Ministry official said Friday [1 July].

The biggest theme at the July 8-10 summit will be to explore ways to achieve growth and employment simultaneously, Sadayuki Hayashi, deputy foreign minister for economic affairs, said in an interview with KYODO NEWS SERVICE and other news organizations.

Currency issues, if taken up in the summit, could be dealt with in connection with growth and employment, said Hayashi, who serves as the chief sherpa, or personal representative, of Prime Minister Tomiichi Murayama at the Naples summit.

Speculation has emerged that the leaders of the world's seven major economic powers will give extra attention to discussion on how to tame the recent currency market turbulence that has sent the yen soaring to global record highs in the past several days.

Newly appointed Trade Minister Ryutaro Hashimoto said Thursday currency issues will be one of the major topics at the summit.

Mongolia

MONTSAME Carries Press Review for 30 Jun

BK0107065394 Ulaanbaatar MONTSAME in English 1320 GMT 30 Jun 94

[Text] Ulaanbaatar, June 30./OANA-MONTSAME/. The newspaper "ARDYN TOR" informs that the state Great Hural spring session has finished consideration in the first reading of the draft law on securities. The Minister of Finance D. Dabaasambuu has made a report on this issue at the (?high) session. As the newspaper informs, the session has considered also the procedure of conducting elections and resignation of administration heads of cities and villages.

As the newspaper informs, the parliament delegation of the Kingdom of Thailand headed by the President of the Senate M. Ruchuphan was received by the President of the Country P. Ochirbat and discussed the issues of mutual cooperation of the two countries. The newspaper informs that the delegation of Thailand left yesterday for homeland.

"ARDYN TOR" informs about opening the meeting of representatives of donor countries on the theme about reduction of poverty of the Mongolian population. Representatives of governments of 17 countries and 22 international and non-government organizations are participating in work of the meeting. The Mongolian People's Revolutionary Party newspaper "UNEN" informs that the experts of the International Monetary Fund and the World Bank consider that economic deterioration of Mongolia has stopped on the whole in 1993. Earlier the Prime Minister P. Jasray noted that since the beginning of the first year of her (?powers] the government has been paying great attention to stabilization of economy and in this respect they are its first signs which should be consolidated. In the newspaper information it is quoted that from the beginning of the year the total volume of home production as compared with the previous year has dropped by 1.3 percent.

Journalist S. Lochin in his article published in the newspaper touches upon the issue that Mongolian history has many examples of contradictions between rulers beginning with struggle between Modun Shanyu Khaan of the ancient Mongolian state Hun and his son, between Temuujin and Jamukh. The journalist considers that a sad example to such contradictions is also the repressions of 1930s. (Ashs) Lochin writes, the repressions were carried out under the pressure of the Stalinist comintern. In the view of the journalist a special kind of repressions at the present time is a racket around the issue about abolition of honorary titles and awards which have been granted to about 360 thousand citizens for their honest labour.

"The MPRP Has Opened One More Box With Secrets"-under such a head-line the newspaper informs that the publishing council of the Mongolian People's Revolutionary Party [MPRP] headed by her General Secretary B. Dash-yondon has published a collection of historical documents. The collection includes many documents, which were considered earlier as the secret ones. Collections of such documents from the MPRP archives will be issued regularly once or twice a month.

The newspaper of the Mongolian capital "ULAANBAATAR" informs about consideration at the state Great Hural /SGH/ session of the draft law on legal status of the capital. The newspaper notes that adoption of this law will be of great importance for economic and social development of the city, creation of favourable living and labour conditions for the city population, solution of other urgent tasks.

The newspaper criticizes unsatisfactory state of supplying the city population with milk and dairy products, despite availability of a big dairy enterprise capable to meet the requirements of the city . In the newspaper's view, this to a large extent is connected with increase of prices and reduction of delivery of milk by dairy farms situated near Ulaanbaatar, unwillingness of trade establishments to supply the population with milk.. The reason for this , as the newspaper considers, is the fact that administrations of trade establishments are interested in profit chasing.

The newspaper publishes an article devoted to the famous Brazilian football-player Pele.

North Korea

Delegates Discuss Procedures for 25 Jul Summit

SK0107014294 Pyongyang Korean Central Broadcasting Network in Korean 0110 GMT 1 Jul 94

[Text] This is a report sent by reporter Kim Yong-song from Panmunjom.

A contact between delegates of the North and the South to discuss issues of working-level procedures for North-South top-level talks [choegowikup hoedam] has begun in Tongilgak in our side's area at Panmunjom according to the agreement adopted at the preliminary contact held on 28 June for North-South top-level talks.

All fellow countrymen in the North, the South and overseas are warmly supporting and welcoming the adoption of the agreement on convocation of North-South top-level talks, regarding it as an encouraging event that gives the new hope for peace and independent and peaceful reunification of the nation. Amid this situation, a contact between the delegates to discuss issues of working-level procedure for North-South top-level talks is being held at Tongilgak in our side's area in Panmunjom. Tongilgak is now crowded by a great number of reporters from the North and the South, as well as foreign correspondents.

Paek Nam-chun, chief councilor in the Administration Council who is our side's delegate to preliminary contact for North-South top-level talks; entourages, and the South side's delegate and entourages, came to the contact of delegates.

The contact continues.

Radio Reports Results of 1 Jul N-S Contact

SK0107115794 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 1 Jul 94

[Text] The North and the South held a contact of the delegates of the two sides to discuss the working procedural matters for the top-level talks of the North and the South. As the entire fellow countrymen and the world watched with interest looking forward to the convocation of the historic North-South top-level talks as soon as possible, the North and the South held a delegates' contact in camera at the Tongilgak in our side area of Panmunjom this morning and this afternoon to discuss the working procedural matters for the top-level talks of the North and the South.

Our side put forward a draft of a 15-point agreement on working procedures for the implementation of the agreement adopted at the vice-premier level preliminary contact on 28 June for the North-South top-level talks.

The draft agreement on working procedures put forward by our side, which is thoroughly based on the spirit and content of the agreement for holding the North-South top-level talks and which amply takes into consideration the working procedures proposed by the South side, is a reasonable and constructive one which will successfully ensure the holding of the North-South top-level talks.

The South side also put forward a draft agreement on working procedures today. The two sides continued serious discussions over the drafts of the agreement on working procedures put forward by the two sides, and reached a unanimity of views on a series of matters.

The two sides agreed to hold another round of delegates' contact in the South side area of Panmunjom on 2 July to continue discussions on the procedural matters on which the two sides have not been able to narrow the differences.

After the contact had ended, our side's delegate Paek Nam-chun gave a news briefing to the domestic and foreign reporters.

KCNA Reports Results

SK0107111394 Pyongyang KCNA in English 1102 GMT 1 Jul 94

["Contact Held To Discuss Working Procedures for Inter-Korean Top-Level Talks"—KCNA headline]

[Text] Panmunjom, July 1 (KCNA)—A contact between delegates was held in camera in the morning and afternoon today at the Tongil House in the North side's portion of Panmunjom to discuss working procedures for North-South top-level talks.

The North side produced a draft of a 15-point agreement of working procedures for the implementation of the agreement adopted at the preliminary contact of vice-premier level on June 28 for the opening of the North-South summit.

The draft proposed by the North side is a reasonable and constructive one for successfully ensuring the opening of the summit, in which it strictly abided by the spirit and content of the "agreement on the opening of North-South top-level talks" and fully took into consideration the proposal of working procedures made by the South side.

The South side also put forward its draft agreement on the working procedures.

The sides had a sincere debate repeatedly on the two drafts and reached a unanimity of views on a series of problems.

The sides decided to continue the discussion on the differences at another contact of delegates in the South side's portion of Panmunjom tomorrow.

Paek Nam-chun, delegate of the North side, gave a news briefing to home and foreign reporters at the end of the contact.

U.S. 'Hardliners' Said Hampering DPRK-U.S. Talks

SK0107044594 Pyongyang KCNA in English 0434 GMT 1 Jul 94

["NODONG SINMUN on Wrong Behavior of U.S. Hardline Conservative Forces"—KCNA headline]

[Text] Pyongyang, July 1 (KCNA)—NODONG SINMUN today hits at some hardline conservative forces of the United States which persist in the hostile policy of stifling the DPRK, trying to put a spoke in the wheel of DPRK-USA talks.

The conservative hardliners in the U.S., at this moment when the solution of the nuclear issue on the Korean peninsula is in sight, are raising louder outcries for military pressure, demanding the reinforcement of the U.S. Forces in South Korea, with a fuss about the "suspected nuclear development program" of the DPRK. And they are putting pressure on those who support dialogue and negotiation, contending that it would be "unproductive" and the U.S. is making "concessions."

The news analyst says:

This is a very wrong act to lay artificial hurdles in the way of DPRK-USA talks.

Their ulterior intention is to put a brake on the settlement of the nuclear issue on the Korean peninsula and other pending issues between the DPRK and the USA and subdue and stifle the DPRK with strength at any cost.

Their hue and cry over "threat from the North" and "attack" from the DPRK is a sophism to justify their military pressure and war adventure against the DPRK.

They seek to incite enmity and war fever against the DPRK by painting the most gruesome picture of the situation on the Korean peninsula and thus overwhelm the atmosphere of negotiation within the United States and get a military option adopted against the DPRK. They use the "suspected nuclear development program" of the DPRK as a pretext.

The wrong act of the U.S. conservative hardliners will only mar the image of the United States and damage people's confidence.

They must face the reality squarely and act with discretion.

Commentary Criticizes U.S. Moves on South

SK3006144994 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 30 Jun 94

[Commentary by Kim Ho-san: "Acts Tarnishing the Atmosphere for Dialogue"]

[Text] As has been reported, the third round of DPRK-U.S. talks are to be held in Geneva on 8 July. The broad segments of peace-loving people of the world actively support and welcome the resumption of the DPRK-U.S. talks—interrupted by the unjust maneuvers of putting pressure on us—one year after they were interrupted, and hope that the talks will be held positively.

However, military moves, unsuitable for the atmosphere for dialogue, are being made continuously in the United States. According to a report, the U.S. House Appropriation Committee on 27 June approved the military spending bill for reinforcing [kanghwa] the U.S. forces in South Korea. The amount, estimated to be $250 million, is expected to be used to deploy up-to-date Patriot missiles and Apache offensive helicopters in South Korea and to improve the U.S. Forces' capability of logistics, intelligence, and communications.

Meanwhile, a spokesman for the U.S. Defense Department on 28 June announced that the United States will dispatch three U.S. Navy ships to South Korea to build up [chunggang] the U.S. Armed Forces in South Korea.

This shows that some hardline conservative forces of the United States are following the way to continuously aggravate tension on the Korean peninsula without regard to the DPRK-U.S. talks.

As has been practically proven, the nuclear issue on the Korean peninsula cannot be resolved by any military pressure, threat, or blackmail. It can only be resolved through dialogue between us and the United States—the direct parties concerned in the nuclear issue.

In order for the dialogue and negotiation to attain success in conformity with the expectations of the people of the world, they should have a correct attitude and position for the dialogue and refrain from acts tarnishing [hurige hanun] the atmosphere for dialogue. However, some hardline conservative forces of the United states are maneuvering to build up the U.S. Armed Forces in South Korea. This shows that they are attempting to apply the brake to the progress of the DPRK-U.S. talks and to start a war of northward invasion. This is proven by the remark by the U.S. Defense Department spokesman that despite the diplomatic efforts being made, the United States will not suspend the prudent steps it has taken for the last six months but continuously build up the U.S. Forces in South Korea.

The hardline conservative forces of the United States are unable to rid themselves of the anachronistic way of thought regarding military force as almighty, even now when the DPRK-U.S. talks are close at hand. Dialogue and buildup of armed forces can never be compatible. As long as the buildup of armed forces and war maneuvers threatening the other party to dialogue continue, dialogue cannot be carried on smoothly; and even if dialogue is carried on, good fruition cannot be expected. This is a serious lesson learned from the dialogue in the past.

The buildup of Armed Forces will only result in impairing [haechigo] the atmosphere for dialogue and further aggravating tension on the Korean peninsula. The hardline conservative forces of the United States should ponder over the grave consequences which will be brought about by the maneuvers for buildup of armed forces, and think and act rationally.

Military means are never workable. If they think they can bring someone to his knees, they are miscalculating. The maneuvers of the hardline conservative forces of the United States, creating an obstacle to the resolution of the nuclear issue through dialogue and aggravating tension by the buildup of Armed Forces, will be subjected to greater denunciation and rejection of the people at home and abroad.

U.S. Conducts 'Aerial Espionage' 230 Times in Jun

SK0107043394 Pyongyang KCNA in English 0424 GMT 1 Jul 94

[Text] Pyongyang, July 1 (KCNA)—The U.S. bellicose elements committed aerial espionage on the northern half of Korea on some 230 occasions with the mobilization of RC-135 strategic reconnaissance planes, U-2 high-altitude strategic reconnaissance planes, E-3 early warning planes, P-3 patrol planes, RV-1, RC-12 and other tactical reconnaissance planes in one month of June, according to military sources.

On June 28 and 29 three U-2s and eight reconnaissance planes of different types made flights in the sky above the Military Demarcation Line day and night, taking pictures of and conducting electronic espionage on the strategic targets and anti-air defence means of the northern half of Korea.

On June 17 and 20 RC-135s committed electronic and photographing espionage on targets up to the depth of 800 km of the northern half of Korea and P-3 patrol planes carried out an aerial espionage on our targets in the air and sea.

The U.S. imperialists got over-heated in aerial espionage on our area with the massive mobilization of overseas-based reconnaissance planes from June 1 to 22.

All these facts show that the U.S. warmaniacs are watching for a chance to invade the North.

Hanminjon White Paper Denouncing ROK Cited

SK0107105994 Pyongyang KCNA in English 1040 GMT 1 Jul 94

["Hanminjon on Criminal Nature of Flunkeyist Nuclear Diplomacy of S. Korean Authorities"—KCNA headline]

[Text] Pyongyang, July 1 (KCNA)—The Central Committee of the South Korean National Democratic Front (Hanminjon) published a white paper on June 25 on the criminal nature of the flunkeyist nuclear diplomacy of the South Korean authorities, the Seoul-based radio Voice of National Salvation reported.

The white paper accuses the South Korean authorities of working hard to plunge the nation into the scourge of nuclear war, standing in the van of the U.S. anti-DPRK smear campaign over the "nuclear issue."

The white paper says:

The "civilian government" is no more than a marionette that thinks and judges according to a false information invented by the United States, without its own judgement or thinking as regards the nuclear issue.

As the April 1994 issue of the magazine MAL comments, the nuclear information of the "civilian government" is "totally dependent on the U.S. CIA and the U.S. military intelligence unit," and the information supplied by the United States is structurally the basis for the thinking and action of the "civilian government".

This "civilian regime" goes among the people by the nickname of "nuclear robot" manipulated by the U.S.

Pak Chan-jong, chairman of the new Political Reform Party, deplored the flunkeyist nuclear diplomacy of the "government" caught in the trap of the U.S. nuclear policy toward the DPRK. The may 1994 issue of the magazine WOLGAN CHOSUN quoted him as saying: "The sorry sight of our government reminds us of a wretch slapped after being robbed of money. It has run about, unsteady of purpose and uncertain where to go, its face lighting up this moment and puckering into a frown at another moment, coordinating its policy with the keynote and position of the United States. Now it is like a dog looking up to the fleeing cock on the roof." The present "civilian regime" stepped forward as the "nuclear Trojan horse" in the drive for the aggressive "international cooperation system" sought by the U.S.

The South Korean authorities, attaching priority to the South Korea-U.S. cooperation, totally froze the North-South relations for the sake of the "cooperation system" with the United States. And, each time the nuclear issue reached the climax, they flew to Japan for the "South Korea-Japan cooperation system" and begged for its "participation in sanctions," loudly shouting "Long live his majesty the emperor".

When the DPRK-USA joint statement was published in June last year, they grumbled to the United States, their master, entreating him "not to make too much concessions to the North" and "no more to go about in tow of the North."

They put a brake on DPRK-USA talks in every step. Each time the talks reached an impasse, they cried for "sanctions," saying: "The strength of the U.N. Security Council must be invoked" and "sanction is the only way to solve the issue." When the United States manipulated some hostile quarters of the International Atomic Energy Agency to drive the situation to the phase of "sanctions", the South Korean authorities rolled up their sleeves and, visiting nuclear powers, asked them to join in the "sanctions."

The "civilian" bellicose group, at a loss where go at the U.S. word of command "about turn " while racing headlong, urged by the U.S. hardliners, is seeing eye to eye with the Japanese reactionaries in trying to lay another artificial hurdle in the way of a peaceful solution to the nuclear issue, which has shown a dramatic turnround.

So long as such maneuvers of the "civilian government" continue, the nuclear issue cannot be resolved. In order to avert the danger of nuclear war, which will exterminate our nation, and defend peace and the existence of the nation, the ill-intentioned anti-North confrontation campaign of the "civilian government" must be frustrated, first of all.

WPK Greets New Japanese Prime Minister

SK0107110794 Pyongyang KCNA in English 1055 GMT 1 Jul 94

[Text] Pyongyang, July 1 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] on June 30 sent a message of greetings to Tomiichi Murayama, chairman of the Central Executive Committee of the Japan Social-Democratic Party, upon his election as prime minister of the Japanese Government.

The message expresses the belief that the friendly relations between the two parties will continue to develop on good terms, and wishes the Japanese prime minister success in his work to safeguard the aspirations and interests of the Japanese people and defend peace in Asia and the world.

General Secretary of Chongnyon Leaves 28 Jun

SK0107084194 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT on 29 Jun 94

[Text] Kim Su-sik, general secretary of the Secretariat of the Central Standing Committee of the General Association of Korean Residents in Japan [Chongnyon], who had visited the socialist fatherland, left Pyongyang by plane on 28 June.

Groups Denounce Treatment of Koreans in Japan

SK0107115194 Pyongyang KCNA in English 1010 GMT 1 Jul 94

[Text] Pyongyang, July 1 (KCNA)—Organisations and public figures of Japan denounced the authorities' crackdown on organisations of the General Association of Korean Residents in Japan (Chongnyon) and Koreans in Japan.

Chuji Ito, executive chairman of the Mie prefectural headquarters of the Japan Social-Democratic Party, in a statement urged that the police should make a true repentance and sincere apology for the unjustifiable search of the Kyoto organisation of Chongnyon.

A resolution rejecting all persecutions and acts of violence on Korean school students was presented at the second regular meeting of the Kumagaya City Assembly in Saitama Prefecture, an emergency appeal was adopted at the 27th meeting of women in Kyoto for not tolerating a war, a "Resolution on Korea policy" at a "general meeting of the Miyazaki Society of Women for Solidarity With the Korean Women", and an appeal at the Miyazaki prefectural committee for supporting the independent and peaceful reunification of Korea.

And Kiyoo Nakagoji, chairman of the Japan-Korea Society for Scientific and Educational Exchange, and other public figures made public a statement in joint name.

The documents stressed that the Japanese authorities must renounce the hostile policy toward the Democratic People's Republic of Korea and make efforts to ensure the human rights of Koreans in Japan.

UK Papers Condemn U.S. 'Moves' Against DPRK

SK0107102394 Pyongyang KCNA in English 1014 GMT 1 Jul 94

[Text] Pyongyang, July 1 (KCNA)—British papers condemned the U.S. moves to isolate and stifle the Democratic People's Republic of Korea.

The paper LALKAR said the U.S.-invented "nuclear suspicion against the North" was nothing but another excuse for justifying the U.S. Forces' occupation of South Korea and deployment of nuclear weapons.

Noting that the U.S. imperialists are desperately trying to hold an exclusive position in the possession of nuclear weapons worldwide, the paper described this as a foolish attempt to shade the sun with the palm of a hand.

The paper called upon all the progressive forces of Britain to conduct a powerful movement to smash the challenge of the imperialists and defend the DPRK.

The paper MORNING STAR said the United States and the International Atomic Energy Agency kicked up an anti-socialist, anti-DPRK racket on the pretext of the "nuclear suspicion" against people's Korea because Korea is an independent socialist country opposed to the arbitrary practices of the United States and the establishment of a "new world order" of the imperialists.

It stressed that the world's people who love justice and peace should lift louder voices calling for an immediate stop to the U.S. threat and blackmail against people's Korea.

The paper ASIAN TIMES said the Korean people are confidently advancing along the road chosen by them and that the United States must not run the risk of threatening world peace and security by pursuing only its strategic interests.

Foreign Leaders Send Messages to Kim Il-song

SK0107030494

[Editorial Report] Pyongyang Korean Central Broadcasting Network in Korean on 27 June carries reports on DPRK President Kim Il-song receiving messages from foreign leaders on the month of international solidarity with the DPRK people.

At 1200 GMT, the radio carries the two-minute announcer-read text of a solidarity message to "the great leader Comrade Kim Il-song" from Yasir 'Arafat, president of the Palestinian state and chairman of the Palestine Liberation Organization Executive Committee. The message expresses the Palestinian people's "wholehearted" solidarity with the DPRK people and their firm faith that the DPRK people will achieve national reunification in a peaceful way through dialogue and will overcome difficulties and challenges to make the Korean peninsula "a zone without nuclear weapons or weapons of mass destruction." The message stresses that the peaceful reunification of Korea and the denuclearization of the Korean peninsula will not only consolidate peace, security, and stability in this region, but be helpful for peace and security of the world.

At 2200 GMT, the radio carries a less-than-a-minute long announcer-read text of a message to "the great leader Comrade Kim Il-song" from Egyptian President Muhammad Husni Mubarak. The message wishes the "friendly" DPRK people the reunification, progress, and prosperity.

Kim Il-song Receives New Jordanian Ambassador

SK0107114694 Pyongyang KCNA in English 1006 GMT 1 Jul 94

[Text] Pyongyang, July 1 (KCNA)—The great leader President Kim Il-song today received credentials from Samir 'Isa al-Na'uri, newly appointed Jordanian ambassador extraordinary and plenipotentiary to Korea.

Present was Vice-Premier and Foreign Minister Kim Yong-nam.

After receiving the credentials, President Kim Il-song had a talk with the Jordanian ambassador.

Radio Reports on Departure of Foreign Delegations

SK0107071494

[Editorial Report] Pyongyang Korean Central Broadcasting Network in Korean at 0100 GMT on 29 June carries reports on the departures of two foreign groups after the conclusion of their visits to the DPRK.

The radio reports on the departure of a delegation of the Bangladesh National Socialist Party led by General Secretary Hasanul Huq Inu by plane on 28 June.

The radio also reports on the departure of a delegation of the Czechy-Morava Communist Party led by Vratislav Novak, secretary of the Central Committee of the Czechy-Morava Communist Party, by plane on 28 June.

Foreign Papers Support Withdrawal From IAEA

SK0107104294 Pyongyang KCNA in English 1018 GMT 1 Jul 94

[Text] Pyongyang, July 1 (KCNA)—Newspapers of different countries expressed full support for the withdrawal of the Democratic People's Republic of Korea from the International Atomic Energy Agency [IAEA].

The Tunisian paper AHBAR AL JOUMHOURIA said that the DPRK's step of withdrawing from the IAEA was an absolutely just one. AL MAOQIF, another newspaper of Tunisia, noted that by declaring its withdrawal from the IAEA to cope with U.S. moves the DPRK showed its principled stand in practice.

The Mexican paper LA AFICION in an article headlined "Constancy of the Korean People" said the decisive stand of the DPRK is an expression of the independent faith which it has maintained since its founding. The Korean people have their faith which the West cannot understand, and it is an indomitable revolutionary spirit, it stressed.

The Tanzanian paper UHURU wrote that the Democratic People's Republic of Korea has laid solid foundations whereby to progress ahead, neither yielding to pressure nor hesitating, which way the wind may blow.

It noted that North Korea has strengthened immensely and adhered to its firm principled stand in international issues, too, thanks to the wise guidance of President Kim Il-song and Comrade Kim Chong-il and the excellent policy of the Workers' Party and Government of Korea that hold the people dear.

Foreign Groups Condemn U.S., Support DPRK

SK0107102994 Pyongyang KCNA in English 1004 GMT 1 Jul 94

[Text] Pyongyang, July 1 (KCNA)—World public is expressing full support and solidarity for the just cause of the Korean people in the current month of international solidarity with the Korean people (June 25-July 27). Kwenda, member of the Central Committee of the Zimbabwe African National Union-patriotic Front and member of parliament, in a recent statement said that the U.S. has deployed more than 1,000 pieces of its nuclear weapons and over 40,000 its troops in South Korea and that this proves South Korea has been turned into a market for U.S. weapons and a powder magazine.

Noting that the South Korean authorities are accelerating nuclear arms development on a full-dress stage, he demanded that the South Korean authorities stop nuclear arms development at once and act with discretion.

The general secretary of the all India Indo-Korean Friendship Association, Om Prakash Mantri, in a statement on June 22, pointed to the fact that South Korea has been turned, to all intents and purposes, into a colonial military base of the United States and its nuclear war base, and expressed full support to the just cause of the entire Korean people for getting the U.S. troops and nuclear weapons withdrawn from South Korea and reunify the country independently and peacefully.

In a statement released on June 20, the Malagasy solidarity committee said that the withdrawal of the DPRK from the International Atomic Energy Agency was a decisive self-defensive step and expressed full support to the position of the DPRK to resolve the nuclear issue on the Korean peninsula through dialogue and reunify the country in a peaceful way.

Earlier, the Mozambican Committee for Friendship With the People of the Democratic People's Republic of Korea issued an appeal to call upon peaceloving people and organisations of all countries to denounce the United States for shipping all kinds of nuclear weapons into the Korean peninsula and reinforcing its Armed Forces there and to support socialist Korea both materially and morally.

International Movement Supports Reunification

SK3006152294 Pyongyang KCNA in English 1508 GMT 30 Jun 94

[Text] Pyongyang, June 30 (KCNA)—Solidarity functions supporting the Korean people's cause of national reunification have been held in more than 150 countries of the five continents of the world and by regional and international organisations this year.

The worldwide movement was launched in response to a step of an enlarged meeting of the Executive Committee of the International Liaison Committee for Reunification and Peace in Korea in early February, which proclaimed 1994 "a year of international solidarity supporting Korea's reunification through confederacy."

Signature campaigns supporting the 10-point programme of the great unity of the whole nation put forward by the great leader President Kim Il-song are taking place on an extensive scale. More than 680 million signers by the end of June included Guinean President and head of state Lansana Conte, General Secretary of the Togolese People's Rally Amoussouvi Vignik Amedegnato, Chairman of the Pakistan Socialist Party C.R. Aslam, and Secretary General of the Sandinist National Liberation Front of Nicaragua Daniel Ortega Saavedra.

The movement for solidarity with the Korean people is assuming greater intensity in face of the moves of the United States and the International Atomic Energy Agency to stifle the Democratic People's Republic of Korea.

Political parties and organisations of India, Pakistan, Ghana, Congo, Guyana, Peru and other countries held plenary meetings, emergency meetings and rallies, at which they expressed full support to the reunification of Korea by the confederacy formula.

The people's vanguard of Costa Rica adopted a special resolution at its plenary meeting, the Central Committee of the Communist Party of Peru (Red Motherland) a decision on a nationwide movement for solidarity with the Korean people at its 14th plenary meeting and the Central Committee of the Communist Party of Canada a special statement.

The participants in a meeting of political parties and political forces in the Middle East region for solidarity with the DPRK held in Syria, a meeting of political parties in the American continent held in Mexico and other regional and international meetings said that the United States is the very one which caused the division of Korea and the nuclear issue. If the reunification of Korea is to be achieved, the United States must withdraw its forces and nuclear weapons from South Korea unconditionally, they stressed.

Political and public figures of Nepal including leading officials of political parties and organisations and parliamentarians and broad segments of people, and delegates of more than 20 British political parties and organisations including the Communist Party, the Revolutionary Communist Party (Marxism-Leninism), the New Communist Party, the anti-imperialist organisation of youth and the third world solidarity organisation and people of all strata of Britain held anti-American demonstrations.

Such solidarity activities have extensively been held in more than 100 countries and regional and international organisations in the last two months.

At present more than 320 solidarity organisations supporting Korea's reunification through confederacy are active in over 100 countries.

Daily Marks Anniversary of Burundi Independence

SK0107125894 Pyongyang KCNA in English 1049 GMT 1 Jul 94

["32nd Anniversary of Independence of Burundi"—KCNA headline]

[Text] Pyongyang, July 1 (KCNA)—MINJU CHOSON today dedicates an article to the 32nd anniversary of the independence of Burundi.

The Burundian people have striven to remove the consequences of the colonial rule in the social and economic fields and achieve independent development of the country since they proclaimed independence, freed from the colonial rule of the imperialists on July 1, 1962, the article says, and goes on:

Burundi has good relations with neighboring countries and is making efforts to build a peaceful new society, pursuing the non-aligned policy externally.

The Korean and the Burundian people are developing their friendly and cooperative relations in accordance with the idea of independence, friendship and peace.

The Korean people congratulate the Burundian people on the national day and wish them success in their endeavors to achieve national unity and stability of the country, social progress and development.

Meeting Commemorates Sudanese Anniversary

SK0107043594 Pyongyang KCNA in English 0416 GMT 1 Jul 94

["Day of Revolution of Sudan Observed"—KCNA headline]

[Text] Pyongyang, July 1 (KCNA)—A meeting was held in Pyongyang on June 30 to commemorate the fifth anniversary of the day of revolution of the Sudan under the sponsorship of the Korea-Sudan Friendship Association.

The meeting was attended by Yi Chol-sin, vice-chairman of the Committee for Cultural Relations With Foreign Countries and vice-chairman of the Korea-Sudan Friendship Association, and other officials concerned and working people in the city.

At the meeting a speech was made and a message of greetings to the president of the Republic of the Sudan was adopted.

Kim Chong-il Thanks Units for Army-People Unity

SK0107043794 Pyongyang KCNA in English 0421 GMT 1 Jul 94

["Comrade Kim Chong-il Sends Thanks to Different Units"—KCNA headline]

[Text] Pyongyang, July 1 (KCNA)—Comrade Kim Chong-il, Supreme Commander of the Korean People's Army, sent thanks to the Ministry of Forestry, the Tosan County administrative and economy committee and cooperative farm management committee, North Hwanghae Province, and the Taesong general direct sales shop which had set examples in assisting the People's Army.

The officials and employees of these units frequently called on People's Army soldiers to congratulate them on their achievements and encouraged them to new feats.

Upon receiving the thanks, they renewed their determination to defend and glorify Korean-style socialism centering on the popular masses by actively assisting the People's Army and displaying the traits of unity between the army and the people.

Daily Stresses Movement To Win Red Flag

SK0107091594 Pyongyang MINJU CHOSON in Korean 9 Jun 94 p 1

[Editorial: "Let Us Further Intensify and Develop the Movement To Win the Red Flag of Three Revolutions"]

[Text] Today we are faced with the heavy task of vigorously accelerating the revolution and construction and all the more firmly consolidating the base of our socialist revolution. To successfully implement this glorious task, our party demands that the movement to win the red flag of three revolutions be all the more intensified and developed in all sectors and all units.

The dear leader Comrade Kim Chong-il has pointed out: We must all the more intensify and develop the movement to win the red flag of three revolutions in accordance with the demand of the developing realities.

The movement to win the red flag of three revolutions is an all-people mass movement initiated and led by the dear leader Comrade Kim Chong-il. The first beacon of the movement to win the red flag of three revolutions was raised almost 20 years ago at the Komdok and Chongsan lands. Since then, this movement was vigorously carried out in all sectors and all units including plants; enterprises; cooperative farms; and scientific, cultural, educational, and health fields throughout the nation. Thus its justness and vitality were wholly manifested.

Amid the strong flames of the movement to win the red flag of three revolutions, the people's way of thinking and way of work changed, the revolutionary enthusiasm of the masses was enhanced extraordinarily, and great achievements were made in the revolution and construction. Furthermore, loyalty toward the party and the leader was enhanced by the functionaries and workers; their revolutionization, working classification, chucheization, and socialism were actively promoted; the cohesion and unity of the party and the people were consolidated like bedrock; and our revolutionary ranks were firmly maintained as a crystal of loyalty and filial piety and single-hearted unity. Also, the level of mechanization and automation of the plants and enterprises were enhanced; the material and technical basis of the rural economy were strengthened; the cultural and technical level of the workers were enhanced; and achievements were made in establishing cultured ways in work and cultured ways in life. Many units obtained the red flag of three revolutions during the process of carrying out the movement to win the red flag of three revolutions, the ranks of the standard bearers of the three revolutions were expanded, and many experiences were created. Reality clearly proves that the movement to win the red flag of three revolutions is indeed a mighty driving force in the people's ideological remolding and accelerating the economic and cultural construction.

Intensifying and developing the movement to win the red flag of three revolutions in accordance with the demands of the developing realities in which our socialist construction is progressing at a high stage today, has important significance in consolidating airtight our revolutionary basis and further elucidating the chuche socialism.

The movement to win the red flag of three revolutions must be vigorously carried out to suit the demands of the developing revolution. By doing so, all members of society can be firmly united around the party and the leader and indoctrinate and reform them to become true communist human beings so that our revolutionary political capacity can be strengthened by all means. Also, the party's economic strategy can be thoroughly implemented by actively calling forth the masses' revolutionary enthusiasm. In addition, a great upsurge is created in the overall fields of the socialist construction and the party's intention can be brilliantly realized.

Currently, the imperialists and reactionaries are viciously committing ideological and cultural infiltration and economic blockade maneuvers to destroy our revolutionary basis and crush [apsal] our Republic. To resolutely smash the imperialists' antisocialist maneuvers, resolutely defend our socialism, and elucidate its superiority, all the people must be all the more well prepared politically and ideologically and continue to vigorously accelerate socialist construction. To achieve this, the movement to win the red flag of three revolutions must be all the more intensified and developed in all sectors and all units. The revolutionary spirit will be all the more vibrant throughout the nation when the movement to win the red flag of three revolutions is vigorously carried out. Also, through this movement we will be able to accelerate our advance movement; successfully carry out the extensive task of socialist construction; strengthen in all directions the country's political, economic, and military might; and vigorously manifest the dignity and glory of the chuche Korea.

The basis in intensifying and developing the movement to win the red flag of three revolutions is to remold the people's ideological consciousness so that all members of society can become true communist human beings.

The confrontation between socialism and imperialism is an ideological confrontation, and the secret of victory of the socialist cause lies in firmly arming all of the people politically and ideologically. If we fail to arm the popular masses politically and ideologically it will be impossible for our economy and Army to display their vitality no matter how developed and powerful they may be, and the socialist system itself will be in danger. Therefore, the movement to win the red flag of the three revolutions, which is a highest form of mass movement carried out under the party's leadership, should be carried out, giving priority to reforming people's ideology.

All sectors and units should clearly grasp the party's intent to vigorously carry out this movement in the present era and constantly and vigorously carry out the ideological revolution. All sectors and units should also carry out education in the chuche idea among functionaries and the working people in a substantial manner so that they can firmly arm themselves with the chuche idea, firmly rally around the dear leader Comrade Kim Chong-il with the dignity under any circumstance as the people blessed with the good luck of upholding the leader [suryong], and be loyal and dutiful to the party and the leader [suryong] with the invariable faith and sense of obligation to share their destinies with the leader [yongdoja] to the end. At the same time, by carrying out education in the chuche idea, all sectors and units should also lead functionaries and the working people to singleheartedly uphold the party and to resolutely struggle for the implementation of the party's ideology and policy with the firm faith that because the dear leader Comrade Kim Chong-il is with us the socialist fatherland of chuche exists and that as long as there is the dear comrade leader's leadership we will be victorious without fail.

Preparing all members of society to be united together with the leader [yongdoja] and to become loyalists and dutiful children who absolutely respect our party, think and act according to the party's ideology wherever and whenever, and keep step with the party is precisely the cardinal task to be solved in the ideological revolution. When this task is successfully carried out, our socialist revolutionary position which has been firmly deepened with a singlehearted unity will demonstrate to the world its grand appearance as an impregnable fortress which cannot be destroyed by any strength.

Lofty class awareness and collectivism are a noble trait that genuine communists should possess. All sectors and units should persistently conduct education in party policies, revolutionary traditions, and communism in various forms and methods. Thus, they should see to it that all people clearly know the historic roots of the party and the revolution, that they sincerely work for the fatherland, for the people, for society, and for collectives at their posts with the attitude of being the masters, and that they struggle against all enemies with an infinite attachment to our own style socialism. At the same time, all sectors and units should also see to it that all people firmly arm themselves with collectivism, display revolutionary sense of obligation and comradely love, and devotedly struggle for the socialist fatherland's grandeur and prosperity.

Vigorously pushing ahead with the technological and cultural revolutions is an important task of the movement to win the red flag of the three revolutions.

All sectors and units should vigorously carry out the technological innovation movement by upholding the party's policy on the technological revolution. Thus, they should successfully achieve the work of making the national economy chuche-oriented, modernized, and scientific and should firmly deepen the material and technological foundation of socialism. In particular, they should outstandingly realize the party's intent to strengthen the country's economic might and to further improving the people's living by vigorously carrying out the struggle to implement the party's revolutionary economic strategies.

Creating the socialist, communist culture is an important task of the movement to win the red flag of the three revolutions. All sectors and units should plan and organize the work to enhance the level of the working people's technological and cultural attainments and to lead them to live in conformity with the socialist style of life and under cultural and sanitary circumstances and conditions. It is very important to create a social atmosphere in deepening and developing the movement to win the red flag of the three revolutions in conformity with the demands of developing realities.

The movement to win the red flag of the three revolutions is a mass movement in which the broad masses, including all sectors and units, participate and which involve high goals and various tasks. Therefore, properly creating a social atmosphere based on the characteristics and experiences of the movement to win the red flag of the three revolutions is a key to success of this movement.

By substantially waging the political work to inculcate the importance and significance of this movement upon the masses under the guidance of party organizations, all sectors and units should lead them to voluntarily and actively participate in the movement. At the same time, all sectors and units should put the units which have won the red flag of the three revolutions and standard bearers of the three revolutions at the forefront socially and should properly do evaluation work on them so as to enhance social interest in this movement. Along with this, they should widely generalize the models and experiences created and attained in the course of the movement to win the red flag of the three revolutions and should set new models so that this movement can be vigorously carried out throughout the society.

It is an important task for functionaries to enhance their role and to plan and organize their organizational work to deepen and develop the movement to win the red flag of the three revolutions. All sectors and units should set their resolved targets in conformity with the demands of developing realities, vigorously push ahead with the implementation of the resolved targets, conduct a summing-up work on the implementation of the resolved targets on a regular basis, and, thus, supplement and improve the resolved targets. At the same time, all the working people should rise up in the struggle to substantially achieve their resolved targets one by one, should regularly grasp problems arising in the process of realizing the resolved targets, and should establish measures to solve them in a timely manner.

All sectors and units should push ahead with the movement to win the red flag of the three revolutions in close combination with other mass movements and should carry out organizational work so that all mass movements are directed toward the movement to win the red flag of the three revolutions.

The movement to win the red flag of the three revolutions is carried out with the organ, enterprise, cooperative farm, workshop, and workteam as a unit. It is also a movement to effect a collective innovation in production and construction. Therefore, it is very important to enhance the role of administrative and economic functionaries. Administrative and economic functionaries should deeply realize the importance of their duties in the movement to win the red flag of the three revolutions, actively participate in this movement with an attitude of being the masters, and organize in a responsible manner the work to accomplish their administrative tasks and technological and economic tasks.

All sectors and units should further deepen and develop the movement to win the red flag of the three revolutions, upholding the party's intent. Thus, they should firmly build our socialist revolutionary position and vigorously advance the socialist cause.

South Korea

Working-Level Meeting Held at Tongilgak 1 Jul

SK0107024594 Seoul KBS-1 Radio Network in Korean 0200 GMT 1 Jul 94

[By KBS special news coverage team from Panmunjom]

[Text] Today the North and South held a contact of their delegates in Tongilgak, the North side's area of Panmunjom, and has begun to discuss the working-level procedures necessary for the holding of North-South summit talks. Yun Yo-chun, delegate from our side, and Paek Nam-chun, delegate from the North side, attended the contact. Both sides are expected to coordinate their positions on working-level procedures for the summit talks, including the composition of the delegations for the summit talks and their itineraries.

In today's contact, our side plans to propose that each side's delegation team number 100 delegates and 80 journalists, and that it will send an advance team made up of approximately 20 figures to the North side soon. Our side plans to respect the North side's proposal because the summit talks are scheduled in Pyongyang, but it will sternly refuse the proposal if North Korea uses it for political purposes, such as demanding a visit to the Revolutionary Martyrs' Tomb.

Reporter Describes 'Aspects'

SK0107101294 Seoul CHUNGANG ILBO in Korean 1 Jul 94 p 3

[Article by reporter Choe Won-ki: "Various Aspects of North-South Working-level Contact"]

[Text] The atmosphere of the North-South working-level delegates' contact held this morning at Tongilgak, the North side's area of Panmunjom, was relaxed and warm [puduropko ttattuthan] as a result of an agreement on some important matters during this preliminary contact for the North-South summit talks.

Unlike the past, North Korean security guard forces did not check the South side's reporters when they came over to the northern area to cover the news there.

A reporter from the North side said: "Like the day the North and South held the preliminary contact in Panmunjom, both sides should agree upon all working-level procedural matters by today, and if matters are not agreed upon by this morning or this afternoon, all should prepare to stay and sleep here until tomorrow until an agreement is reached." His remarks indicated that the North side is also active in agreeing to the working-level procedures.

Another reporter proudly said: "All matters will be agreed upon by today."

Reporters from the North side asked the South side's reporters about the South Korean people's reaction to the agreement reached during the 28 June North-South preliminary contact for summit talks. They expressed their interest in the reaction of our people and the Western countries by saying: "We heard that not only the South Korean people, but also foreign countries, such as the United States and Japan, favorably reacted to it. Is this true?"

In particular, one reporter said: "After the 28 June North-South contact, many South Korean separated families seemed to have sent letters to and called newspapers." Then, reporters from the North side asked the South Korean reporters if they really did.

Contrary to what was expected, Paek Nam-chun, chief councilor of the Administration Council, attended the contact instead of An Pyong-chun, vice chairman of the Committee for Peaceful Reunification of the Fatherland.

Delegate Paek Nam-chun from the North side conveyed his greetings to Delegate Yun Yo-chun from the South side and explained to him about Tongilgak by saying: "This is the first time you come to Tongilgak, is it not? We started the construction of Tongilgak in 1985. It symbolizes the people's desire for national reunification. It took approximately three months to complete it." Delegate Yun also conveyed his greetings to Delegate Paek by saying: "We should turn it into a historic place."

In response to a question about the health of Kim Yong-sun, head of the North side's delegation to the preliminary contact, and Delegate An, Delegate Yun Yo-chun said: "Kim Yong-sun, head of the delegation, looks like a poet because he is eloquent, and has a good appearance."

After their greetings, the delegate from the North side proposed first to proceed with the contact and said: "Let us try to finish our mission by today. Even if rain falls, there are no problems because we are sitting inside."

Delegate Yun from the South side said: "Our side's experts on North Korean affairs told me that all the talks in which you, Mr. Paek, have participated have proceeded well in the past. I think that the past preliminary contact proceeded well, even though there were some difficulties in reaching the agreement. Is it not true?"

Delegate Paek was pleased to hear this and showed a big smile and said: "It is true. Let us step up the pace of today's contact."

The delegates from the two sides expressed a sense of responsibility for making the upcoming North-South summit talks a success by exchanging remarks concerning the good reaction from the people for the agreement reached during the preliminary contact.

Delegate Paek from the North side said: "It seems that the world is excited to hear that the South and North will hold their top-level talks. The people in the northern area are also excited and say that the two sides are likely to make history this year by turning division into reunification one year before the 50th anniversary of national division is marked."

Regarding this, Delegate Yun said: "In the national historical sense, it is very significant to hold the North-South summit talks in Pyongyang after half a century has passed since the nation was divided. Some people have a lot of hope in the talks. Their expectations are so great that some of them say they wonder if the talks are to be held in a dream."

The two delegates also agreed that the agreement reached during the past preliminary contact was a political decision made between the top leaders of the two sides.

Delegate Paek said: "President Kim Yong-sam made a resolute decision on the talks." Regarding this, Delegate Yun said: "Judging from the way the talks have been held so far, President Kim Yong-sam's acceptance to hold the first summit talks in Pyongyang is based on his great courage and resolution."

Delegate Paek talked about the monsoon season by saying: "The monsoon has also begun in the northern area." And added: "When the monsoon begins, people react differently depending on their job and status. For example, farmers like it because they can easily take care of the irrigation project. Hydroelectric power plant workers like it as well. However, youngsters may not like it because rain may ruin the camping activities they enjoy for 15 days every year. All funds needed for their camping activities will be provided by the government. They ardently wish to participate in them, but if it rains, they cannot enjoy them."

Regarding this, Delegate Yun said: "Once upon a time there was a mother who had two sons. One was selling umbrellas, and the other was selling straw shoes. However, this lady would not clearly express her feelings about whether she likes good weather or cloudy weather, because she had to take care of both sons."

Areas of Disagreement Viewed

SK0107082794 Seoul YONHAP in English 0758 GMT 1 Jul 94

[Text] Panmunjom, July 1 (YONHAP)—South and North Korea agreed Friday on two or more meetings between Presidents Kim Yong- sam and Kim Il-song, with one or two ministerial-level officials sitting in during the July 25-27 summit period.

The two sides also agreed on a 180-member delegation, including 80 reporters, to accompany South Korean President Kim Yong-sam to the summit in Pyongyang. But they disagreed on certain details of protocol, security arrangements and the timing of the advance team's visit, which will be negotiated at another meeting Saturday morning.

Mid-level officials from Seoul and Pyongyang talked late into the afternoon in the first contact to establish procedure for the historic inter-Korean summit planned for later this month. The agreements included at least two private-level summit meetings with just one or two other officials in attendance.

The working-level officials meet again from 10 A.M. Saturday to discuss, among other things, when the advance team should go to Pyongyang to prepare for the summit.

Seoul asked to send the advance team as soon as possible for on-site preparations, but North Korean officials insisted that the host side will handle all necessary prior arrangements and thus the team should come only a few days before the summit.

Seoul asked to include TV hookup vehicle and technicians to be included in the entourage for live coverage of the summit, but Pyongyang insisted on following precedents from the inter-Korean prime ministers' talks where the reporters used relay services at set times.

"There was lack of understanding on North Korea's part about international customs on advance team and protocol matters," Seoul's chief delegate Yu Yo-chun said after Friday's contact, "the gap in differences was wide."

"But we expect progress at tomorrow's meeting," he said.

Seoul is said to have suggested a 20-member advance team who will visit Pyongyang twice before the summit, the first visit starting July 5.

Pyongyang countered that only the absolutely necessary members come two to three days before the summit date.

On guarantee of personal safety and accommodation assistance, the two sides agreed to follow the rules from the prime ministers' talks and leave them up to the host side.

"There were differences between the South and North Korean sides over the idea of advance team," said a Seoul official, "but the two sides neared accord on majority of the issues."

"We were near agreement on the size of the delegation and format of the summit," he said.

Accord Reached on 'Some' Matters

SK0107035294 Seoul KBS-1 Radio Network in Korean 0300 GMT 1 Jul 94

[Text] The North and the South, holding a contact of delegates this morning, have agreed on some procedural matters, including the scale of the delegation for the summit consisting of 200 and the omission of playing the national anthem and flying the national flag.

Reporter Yi Kang-tok reports from the secretariat of the North-South talks.

[Begin Yi recording] At today's contact attended by Yu Yo-chun, special assistant to the prime minister, and Paek Nam-chun, chief councilor of the Administration Council, the two sides are negotiating concrete plans, including the issue of sending an advance party.

At today's contact, the North and the South are devoted to the negotiation of working-level matters without noteworthy disagreement, thus making the people have expectations for today's contact.

It was learned that the two sides have no significant differences in views regarding the form of talks, itinerary, trip procedures, and accommodations.

The two sides generally agreed that the exclusive summit [tandok hoedam] will be held two times, no political events will be included in the itinerary, and the trip will be made by motorcade via land route.

However, a difference in views is revealed between our proposal for making the delegation consist of 200 including delegates, entourage, and reporters, and the North side's opinion calling for a reduction of the delegation's scale to a certain extent.

Concerning the time of sending an advance party and the scale of the party, difference is revealed between our side's proposal to send an advance party consisting of 20 at an early date and the North side's opinion. They are also continuing negotiations over the issue of carrying special security equipment by the advance party.

There are still many working-level procedural matters requiring adjustment between the two sides and problems showing differences in views. Therefore, today's contact will continue until this afternoon. Today's contact began at 1000 AM amid a soft atmosphere because important issues were settled during the preliminary contact on 28 June. Unlike our side's initial worries, the North side did not propose any political events. [end recording]

N-S Working-Level Meeting To Resume 2 Jul

SK0107070894 Seoul YONHAP in English 0657 GMT 1 Jul 94

[Text] Seoul, July 1 (YONHAP)—South and North Korean officials will meet again Saturday [2 July] after failing to agree on all the necessary details for the July 25-27 summit at Friday's meeting.

One bone of contention was Seoul's demand for two private summits involving only the presidents and Pyongyang's insistence on one expanded summit attended by ministerial officials, according to officials.

The two sides did reach virtual accord on the size of the visiting delegation, including the presidential entourage and the press, a guarantee of personal safety, and provision of assistance for travel procedures, they said.

Friday's contact was the first working-level meeting to decide protocol for the inter-Korean summit fixed earlier this week.

The same delegates will meet again Saturday at Peace House on the southern side of the demarcation line from 10 AM [0100 GMT].

Student Continues With Plans To Go to DPRK

SK2506011494 Seoul YONHAP in English 0053 GMT 25 Jun 94

[Text] Berlin, June 24 (YONHAP)—A South Korean student, announcing Friday that he will go ahead with plans to visit North Korea as a representative of South Korean collegians, expects to arrive in Pyongyang within a week.

Choe Chong-nam, 25, said at a press conference he was chosen to represent Hanchongnyon, the Korean Federation of University Student Councils, to deliver the federation's position on peace and national unification to North Korean leaders including President Kim Il-song.

Hanchongnyon in Seoul sent credentials dated June 19 to Choe, tasking him with meeting Kim and other North Korean leaders to discuss implementation of the South-North Korea basic agreement, signing of the North Korea-U.S. peace treaty, a package deal between Pyongyang and Washington on resolving the nuclear row, and a refusal of national unification through absorption by the other side.

Choe is said to have arranged his North Korean visit through a joint South-North Korean organization headquartered here.

He said he will go to Pyongyang via Beijing or Moscow within a week and plans to stay about 15 days.

He did not disclose exactly who he will be meeting in North Korea or the details of his itinerary, saying negotiations were still under way with Pyongyang.

Unification Minister Interviewed on Relations

SK2906130394 Seoul KBS-1 Television Network in Korean 1205 GMT 29 Jun 94

[Interview with Yi Hong-ku, deputy prime minister and minister of the National Unification Board, by KBS anchorman Yi Yun-song at the KBS studio—live or recorded]

[Text] [Anchorman Yi Yun-song] How are you?

[Yi Hong-ku] How are you?

[Yi Yun-song] At the preliminary contact, the sides agreed to hold summit talks in Pyongyang. Were there discussions on other issues?

[Deputy Prime Minister Yi Hong-ku] No other issues than the date and venue of summit talks were discussed at yesterday's contact.

[Yi Yun-song] Why do you think North Korea consented to holding summit talks at such an early date?

[Yi Hong-ku] Tensions on the Korean peninsula have escalated very quickly. I can also say the entire world has been changing quickly. I think that North Korea probably has realized that it is time that it make certain decisions under these circumstances.

[Yi Yun-song] We think the date of the second summit talks can be decided on in the future. However, it is pointed out that the fact that no decision was made on talks in Seoul does not comply with the principle of reciprocal visits by the two top leaders. What do you think?

[Yi Hong-ku] We fully explained the importance of this principle of reciprocity, and the North Korean side expressed its understanding of this principle. As a result, the North Korean side withdrew its proposal on holding only one round of summit talks and agreed to hold further talks. It said that it was difficult for it to make a firm comment on talks in Seoul. Therefore, in the belief that it is desirable to make summit talks take place, we made concessions based on our understanding with North Korea.

[Yi Yun-song] How do you predict our relations with North Korea will proceed?

[Yi Hong-ku] The North and South, and North Korea in particular, seem to gradually realize that the Korean peninsula's continuously remaining unaffected from global trends is very abnormal. The North and South have come to understand that they must use the upcoming summit talks as an occasion to start their efforts to ease tensions on the Korean peninsula and normalize North-South relations in step with global trends, instead of remaining unaffected by the history of the world. Therefore, I expect relations with North Korea will proceed in a more affirmative direction.

[Yi Yun-song] Thank you for today's interview.

[Yi Hong-ku] Thank you.

Government Plans for Trade With North Examined

SK2906113194 Seoul CHOSON ILBO in Korean 29 Jun 94 p 2

[Article by reporter Kim Chong-hyon: "The Road to North-South Direct Trade Will Be Opened"]

[Text] The upcoming North-South summit talks are expected to actively promote the North-South economic cooperation, which has been suspended due to the North Korean nuclear issue.

The government has decided, above all, to activate economic cooperation with North Korea in accordance with the North-South basic agreement signed in November 1992 and, thus, plans to establish a systematic framework for its realization.

Also, chairmen of business groups have plans to visit North Korea to pioneer the road for their direct trade and investment in the latter.

The government believes that it needs a direct settlement system to establish a direct trade system in promoting economic cooperation with North Korea. Therefore, it plans to open a settlement of accounts and sign a transaction agreement with foreign exchange bankings. In particular, the government believes that this would be immediately achieved depending on the situations between the North and South, because the two sides have already agreed to carry it out during a meeting of the North-South Joint Economic Committee.

South Korea has plans to diversify trade items between the North and South; to allow companies to export facilities and materials to North Korea for processing on commission; and to permit engineers to visit North Korea for that purposes as well. Also, it has plans to establish a North-South Cooperative Organization in Panmunjom to provide trade-related information data for businessmen concerned.

In particular, the government has decided to exchange a variety of economic-related information with North Korea by establishing economic offices in each other's capitals, that is, Seoul and Pyongyang.

Also, the government plans to carry out, as soon as possible, the Nampo Complex Project—which has been suspended after it was being carried out as a model project for North-South economic cooperation.

Regarding this project, Daewoo Group sent the first investigation team to North Korea and formulated plans to promote it.

The government has decided to sign the three agreements—such as agreements for guaranteeing investment; for preventing double taxation; and for protecting industrial property rights—with North Korea to systematically support companies' direct investment.

Regarding the transport network, the government plans to establish a North-South direct cargo transport system by opening a sea route between Inchon, Pohang, and Pusan ports of South Korea and Nampo, Wonsan, Chongjin ports of North Korea and by restoring Kyongui railway, Kyongwon railway, Mount Kumgang railway, and National Road No. 1 and 3.

In response to the government's such basic plans for the North-South economic cooperation, the business circles are expected to more actively promote their projects.

Chairmen of the major conglomerate groups are very interested in visiting North Korea.

At present, approximately 20 chairmen of the major groups—such as Chong Se-yong, chairman of Hyundai Group; Ku Cha-kyong, chairman of Lucky Goldstar Group; Kim U-chung, chairman of Daewoo Group; and Choe Chong-hyon, chairman of Sunkyong Group—have received invitations from the North Korean side to visit there. Therefore, they are willing to visit North Korea as soon as the government allows them.

The business circles plan to actively promote direct trade and direct investment in North Korea through visits to North Korea, as well as meetings with North Korean officials concerned.

First of all, Hyundai plans to carry out the Mount Kumgang Joint Development Project—which was formulated during Chairman Chong Chu-yong's visit to North Korea in January 1989—and the work of restoring and repairing Wonsan railway. Daewoo, which is carrying out the Nampo Complex Project, considers asking the government to allow it to send the second investigation team to North Korea.

Lucky Goldstar Group has plans to carry out a $200 million petrochemical joint venture, and Koryo Hapsom Group has plans to carry out a textile joint venture business. Also, Samsung Group has plans to earnestly carry out four or five business projects, such as establishing a joint venture to produce light industrial goods.

'80 Percent of South' Think North Has Bomb

SK2706074694 Seoul YONHAP in English 0716 GMT 27 Jun 94

[Text] Seoul, June 27 (YONHAP)—More than 80 percent of South Koreans believe that North Korea either possesses nuclear weapons or is capable of producing them while 66 percent feel that the North has sufficient military power to invade the South independently.

An opinion poll revealed Monday that 77.9 percent of the people believe that spies sent by Pyongyang are engaging in espionage in South Korea while 72 percent think the public awareness of national security has become slack.

The opinion survey was conducted by media research in May in the form of individual interviews with 1,000 adult men and women across the nation excluding Cheju Province.

According to the poll, 53.5 percent said the possibility of war on the Korean peninsula is high if the United States withdraws its forces from South Korea.

As to North Korea's nuclear development program, 82.1 percent replied that the North is either gearing up to produce nuclear weapons or already has them.

Queried on how to handle the nuclear issue, the respondents replied as following in order of percentage: Diplomatic and economic sanctions (45.2), nuclear development (22.9) and military countermeasures (5.8). Only 25.9 percent opted for settlement of the issue through dialogue.

With regard to national unification, 67.8 percent responded that it should be attained without fail while 32.4 percent preferred the status quo "if hostile activities are not made."

NAEWOE Reports DPRK Children Suffering

SK2706040594 Seoul KYONGHYANG SINMUN in Korean 27 Jun 94 p 8

[NAEWOE news agency]

[Text] A considerable number of North Korean children reportedly suffer from various diseases, including malnutrition, and some even lose their lives due to North Korea's prolonged food shortage.

According to a NAEWOE news agency report quoting the executives of the General Association of Korean Residents in Japan [Chongnyon], who recently visited Pyongyang, food shortages in North Korea are becoming so serious that an average of seven to eight children die every day in military people's hospitals due to malnutrition.

Diseases making children's faces turn blue or legs curved are spreading and the number of children who suffer from the prolapse of the anus due to coarse food, such as corn rice, is also increasing.

In the case of infants, their weight at birth is much lower than normal because mothers could not have an adequate nutrition during pregnancy, and the rate of deformed children, including those with abnormally jut-out foreheads, is also increasing.

Some pregnant women even bribed doctors to have early abortions fearing to give birth to deformed children and death during delivery.

With the increasing children's deaths and diseases, North Korea has recently provided limited food to primary school students in some large cities such as Pyongyang with "Najin bread" and "Soymilk" added with an enzyme extracted from sea tangle.

According to a North Korean food distribution standard table, children from ages one to four receive 100 to 300 grams of food a day, and ages five to 14 receive 400 to 600 grams a day, but actually only 80 to 450 grams are supplied due to the food shortage.

DPRK Involvement in Counterfeiting Probed

SK3006013394 Seoul YONHAP in English 1142 GMT 29 Jun 94

[Text] Hong Kong, June 29 (YONHAP)—The Macao police were investigating a counterfeit ring involving North Koreans residing in Macao, Macao police sources said on Wednesday.

The sources said the police recently raided several apartments in downtown Macao to round up more than 10 North Koreans on charges of counterfeiting American dollars.

A Macao police officer said the Jurisdiction Police, the most influential police in Macao, were handling the case behind scenes because of the high sensitivity involved.

Another source said the probe was launched after a cashier of a Macao bank tipped the police that the 30,000 dollars which a number of North Koreans deposited in 100-dollar notes at his bank early this month looked like counterfeits.

Police and bank officers subsequently determined the money to be professionally made counterfeit bills, the source said.

A source here in Hong Kong said the North Korean counterfeit ring could have been responsible for the production of the counterfeits found in many areas of China.

About 50 North Koreans live in Macao, most of them being staffs of North Korean firms in Macao.

Outcome of Economic Talks With U.S. Reviewed

SK2806063494 Seoul SEOUL SINMUN in Korean 28 Jun 94 p 8

[By reporter Kwon Hyok-chan]

[Text] It is anticipated that following the issue of cars, issues regarding intellectual property rights and food safety criteria will emerge to be new trade issues between the ROK and the United States.

It has been learned that in the ROK-U.S. economic consultation meeting held on 22 June, the United States reacted favorably to our draft on market opening expressing the ROK's will to lower tariffs and acquisition taxes as the main point. The United States, however, urged the ROK to take more sincere measures for protecting intellectual property rights and regarding food safety criteria. After attending the 22 June ROK-U.S. economic meeting, Chang Sok-hwan, first assistant minister of trade, industry, and resources, said on 27 June: "The United States assessed our draft on market opening as a sincere effort. However, it showed the position that separate discussions on food safety criteria, including the issue on setting a distribution period of sausage, are needed."

He added: "While raising the issue regarding food safety criteria, the United States strongly urged the ROK to prohibit the registration of imitated U.S. trademarks, regardless of their renown in the ROK, based on the ROK-U.S. memorandum of understanding exchanged in 1986.

U.S. Attitudes on Possible Second War Examined

SK2906113694 Seoul TONG-A ILBO in Korean 29 Jun 94 p 5

[By Yuk Chong-su, acting assistant director of the International Affairs Department of TONG-A ILBO; from the "Today and Tomorrow" column]

[Text] The No. 91 Missile Base of the U.S. Air Force is located in an area near Minot, North Dakota, the United Sates. A missile that would be launched from this base upon the receipt of an order is able to reach any target in the world. This base can smash North Korea with a missile in a few minutes, even right now, if it receives a six-figure code order from President Bill Clinton.

According to its policy that it will not aim any country as a strategic target, the United States has aimed all missiles at the sea since the beginning of June. However, an official concerned said that an emergency attack is possible.

There is the No. 5 fighter-bombers squadron with 16 B-52 heavy fighter-bombers near this missile base. Each of the B-52 planes has 20 strategic targets and is able to bomb any target in the world within 24 hours.

The missile and B-52 fighter-bomber bases are symbols of the colossal U.S. military strength.

However, many people note that the United States, which has remained as the only superpower since the Cold War ended and the Soviet Union collapsed, has lost its own direction and is now wandering about.

During my recent one-month visit to the United States at the invitation of the U.S. Government, I met Dr. John Schultz, editor-in-chief of ARMS CONTROL TODAY and former chief of the Voice of America branch in Japan, who said to me: "The United States does not know who its enemy is or what to do in preparation for the future. Americans do not know how foreigners view the United States. Moreover, U.S. leaders are not able to act as they like although they are assuming a strong position. For example, no one knows how much the United States would help the ROK if a war takes place on the Korean peninsula today."

An extremely strong position was prevailing in the United States right before Former U.S. President Jimmy Carter visited North Korea in mid-June.

The likelihood of a war on the Korean peninsula was the focus of the people's interest. Those Americans whom I met during my stay in the United States, including civilians, scholars, newspaper reporters, former diplomats, retired military officers, and U.S. soldiers in service, expressed their keen interest in the possibility of a war on the Korean peninsula by saying: "Is a war going to take place again on the Korean peninsula?" or "Is the ROK Government ready for a war?"

Dr. Charles Morrison, who was working for the East-West Institute of Hawaii University at that time, expressed his concerns about Americans' strong-armed insistence by saying: "It is true that many Americans have the belligerent opinion that North Korea's nuclear facilities must be destroyed."

I felt that their thoughts were originally different from ours that a war should be avoided in any way. In fact, a U.S. newspaper carried an article wondering "why U.S. troops should be stationed in the ROK if Koreans' thoughts are different from those of Americans."

Of course, some leading U.S. groups, including U.S. Administration officials and diplomatic experts, did not agree to this viewpoint. They still stressed the need to peacefully solve the nuclear problem through diplomatic efforts and to assume a flexible attitude toward negotiations with North Korea. It is doubtful, however, if the Clinton administration, which has been criticized for its lukewarm policy toward the North Korean nuclear issue, will adhere to this position despite any situational change in the future. There are countless precedents in which successive U.S. Presidents took drastic diplomatic policies or carried out external military operations when they were driven to a corner in domestic politics.

Robert Immerman [as transliterated], a famous professor of the East Asia Institute of Columbia University, expressed concerns about this and noted: "It is time to make preparations to cope with chaos and problems with displaced persons on the Korean peninsula that will follow the possible collapse of the North Korean regime, rather than to cope with North Korea's possession of nuclear weapons."

Fortunately, various ways for a peaceful solution to the nuclear issue, such as the third round of North Korean-U.S. high-level talks and South-North summit talks, have been promoted since Jimmy Carter's visit to North Korea, and people have great expectations from this. Meanwhile, many other people are skeptical about the present atmosphere, saying that no one knows when it is broken.

Some people in the United States view Jimmy Carter's visit to North Korea as a "signal of U.S. individual contacts with North Korea".

Now we have to make thorough preparations by ourselves, instead of totally depending on the wandering United States.

* Article Urges Military Independence From U.S.

942C0128A Seoul WOLGAN CHUNGANG in Korean Jun 94 pp 154- 165

[Article by Military Analyst Chi Man-won: "We Should Go Nuclear To Counter North Korean Nuclear Weapons"]

[Text **Ability To Execute Modern Warfare Doubtful**

The 700,000-strong ROK Armed Forces are in essence an army subordinate to the U.S. military. Despite its huge size, it is lacking in brain and nerve functions. The ROK military has to do what the U.S. military tells it to do because it has no intelligence and operational capabilities for modern warfare. The ROK Armed Forces have enough capability to perform World War II-type operations against enemy foot soldiers. But they lack the brains necessary to execute modern warfare.

Coping with a complex and ever changing war situation requires something more than the brain that can deal with the situation on the spot. It requires the kind of preprogrammed warfare operations software that the brightest brains can devise. But no one in our military attaches much weight to this requirement. Even peacetime materiel management, not to mention the method of managing the fast-changing battlefield situation, has yet to be modernized. The waste resulting from this deficiency is astronomical.

The military imported $300 million worth of software from the United States. But this bunch of software, which is no better than experimental software for students, is left unused. It took the military 10 years to select a weapon which it took an advanced country only six months to develop. The ROK military has spent $5.3 billion to buy the same equipment which could have been bought for $1.5 billion 10 years ago. The reason is that there is no organized science group in the military. The military does have capable personnel, but it does not know how to organize them to make the most of their brains.

Judging from all those similar instances, we would say about 70 percent of the budget for the current military buildup program might have been wasted. This astronomical waste may be attributed to the very primitive materiel management system of the military. If the waste generated by inefficiency is astronomical, the scope of damage done by the irregularities of some brass hats is minor. Yet the Kim Yong-sam administration has exerted more efforts to detect the irregularities of general officers than to uncover the hidden waste of the system. An able manager can see invisible built-in costs, whereas an incapable manager is more concerned about visible but trivial costs.

The Board of Audit and Inspection boasted that if only it was given the power to audit the Ministry of National Defense, it would be able to uncover strings of irregularities. But what the board uncovered was not the irregularities involving the Yulgok military buildup program, but general corruption. The level of general corruption of the military is trivial compared with that in the Ministry of Construction. The number of cases and the magnitude of corruption uncovered were small. After all, President Kim Yong-sam cut up the military alone, ignoring the interagency balance.

War Needs Bright Savants

The military now stands at the crossroads of having to choose between quality and quantity. It is impossible to have both of them. No matter how many more young men enter the service, the military will be nothing more than a rabble if the soldiers feel no pride in wearing the uniform. If only unemployed youths were to become enlisted men and officers, the military would collapse before fighting takes place. The larger the size of the military, the faster would be its fall. There is not much time left for the military to convert itself from an army of quantity to an army of quality.

Warfare waged by a large number of incapable men naturally differs from warfare waged by a small number of able men. In other words, the strategy should change and the method of troop dispositions should be altered. The plan to reorganize the current barracks system should also be changed. A considerable portion of conventional personnel should be replaced by more intelligent personnel. The systems of education and logistics must be modernized by leaps.

Electronic warfare is a war of brain power fought by "bright savants." The inferior side in terms of brain power and system will be the loser. Electronic warfare is called warfare of "soft kill" because it can bind the hands and feet of the enemy without much destruction and slaughter. The ROK military buys electronic hardware, but does not even know that electronic warfare needs statisticians of the highest caliber.

With all these functions left up to the U.S. military, President Kim Yong-sam has carried out personnel reshuffles, "the kind that anyone can execute if only he is supplied with a list of people involved." With these reshuffles done, he thinks the ROK military has been reformed. The president has carried out a similar type of reform for other branches of the administration. For a while the public gave him applause believing that personnel management was all that was required of reform.

JCS Operations Section Ignorant of Inside Military Situation

In the age of rifle warfare a large army meant a strong army. But a large army with its soldiers deployed in a single line before the awesome artillery power of the North Korean People's Army [NKPA] will be nothing but a disorderly crowd. Despite their lip service to a scientific army, still lurking in the minds of the military strategists is the fixed idea that the larger the number, the greater the advantage. Everyone in the military calls for a scientific army, but the military does not even have a vision of a scientific army. This is because no experts with the know-how of a scientific army have ever led the ROK Armed Forces, although many have risen to high positions in the military on the strength of their sense of mission. The conventions of yesterday cannot be translated into the results of today because the military lacks the know-how of battlefield and materiel management.

The fact that the ROK Army is one subordinate to the U.S. Forces terribly undermines the national pride of our people. It is a great shame, but it is an undeniable fact. The ROK military has a command system, but that system is in bad shape. It lacks the function of systematically analyzing information and operations. The military has weapons and the soldiers to use them, but it has no group of experts to manage them. The Joint Chiefs of Staff provides a good example. "The Joint Chiefs of Staff" is the general headquarters for the integrated operations of the army, navy, and air force.

The Joint Chiefs of Staff is divided into dozens of sections. Of all these, the "Operation Section" is virtually the only unit that is in charge of operations. This section is not necessarily staffed by a large number of personnel or special personnel. Its head is an army colonel. When one asks him about matters concerning naval operations, he points to the navy commander dispatched from the navy, telling the inquirer to direct his questions to this commander. The section is nothing more than an assembly of liaison officers from various branches of the armed forces. The ROK Armed Forces' general headquarters for operations lacks a function for mapping out military operations. That is why the ROK military has no alternative but to count on the U.S. military in the prosecution of war in Korea in the event of war.

The domain for the scientization of war materiel management is as barren as that of military operations. The reason is that the brass hats in charge of materiel management stand in the way of introducing advanced management methods. Compared with other ministries, the military has trained a considerable number of holders of academic degrees. The faculty of the Military Academy has more than 100 professors with doctorates. More than 1,000 officers have master's degrees or higher from American universities. But they are scattered throughout the military.

Degree holders in the military receive rather an unfavorable treatment. What is more important than the treatment is the pride in their work. Not given an adequate condition for work, they were rotated from one place to another, and in this process they were so disgusted that they just quit. Even those who still remain in the military are widely scattered. Many of them feel alienated because nondegree holders look at them with a jaundiced eye simply because they hold degrees. The military has not the slightest idea of how it can use them in the scientization of the management of military operations and materiel.

Only those who know how to use experts can reform the military. The ability to use experts means an ability to provide goals. People devoid of vision can in no way provide goals. Suppose one gathers the ablest scientists around him and asks them "to conduct whatever necessary and useful research" without giving specific goals, nothing much would come of it.

'Pawn' of U.S. Defense Industry

Kennedy instructed his administration to send men to the moon. Because he had a scientific vision, he could provide excellent goals. General de Gaulle ordered his government to build nuclear weapons. As a result, France has been able to preserve its self-respect, free from a U.S. security hold. The late president Pak Chong-hui brought samples of a rifle and a mortar into the Blue House and ordered the military to manufacture the same kinds of weapons, saying: "This is a rifle and that is a mortar. You should produce exactly the same types of weapons as these." Despite the plethora of scientists, the military is unable to make anything out of them because it gives them no goals. People who do not know how to operate the military's science research center cannot provide massive goals for military reform. As long as reform is delayed, the ROK military will remain an army subordinate to the U.S. Forces.

As long as it remains subordinate to the U.S. Forces, the ROK will be subject to all kinds of excesses of the United States, with our national pride undermined. First, the United States will aggravate tension on the Korean peninsula instead of trying to create a peace mood. By so doing the United States will be able to bind the ROK military to the U.S. defense industry forever as a "pawn" and impose an ever-increasing share of the defense burden while beefing up its troops. Asia will be at the center of U.S. interest in the future. The United States will have to maintain a considerable military strength in Asia in order to protect its increasing interests. Korea will be the most pliable country the United States can find in maintaining a large U.S. military contingent without spending much money.

Second, unless the ROK has its own nuclear arsenal and unless the ROK military strengthens its intelligence and operational capability with first-rate scientists, the ROK military will never be able to free itself from the status of being an appendage to the U.S. Forces. As long as the ROK military remains an appendage to the U.S. Forces, the United States will take advantage of this situation to regard the whole of Korea as its colony and look down upon the Korean people.

Under these circumstances, the arrogance of the U.S. general consulate in Korea is increasing. Trade pressures will mount. The United States will try to solve arbitrary trade disputes by political pressures. This tactic would be enough to arouse an anti-U.S. sentiment among dissident groups. Yet no matter how desperately the ROK may kick and struggle, its security will remain in the hands of the United States.

How the United States will link trade issues to the security relationship so that it can make the most of the ROK will become clearer when we look at the way the United States has behaved in Europe and how it has pressed Japan with arbitrary demands in trade disputes.

In building the NATO military force, the United States proposed that duplicate investments be avoided so that the resources of the allies could be used more effectively. This proposal is called an RSI (rationalization, standardization, and interoperability) formula. This formula calls for: refraining from making duplicate investments so that the budgets of the allies may be saved; standardizing military hardware to insure the interchange of parts; and integrating the logistic structure so that parts of military hardware of Britain and Germany may be interchangeable. This seemed a very reasonable proposal. People thought the U.S. leadership was excellent as was generally expected. [passage omitted]

With the tide of the economic war rising gradually, the United States got conspicuously more and more nervous. Sony developed Betamax in 1975. The Betamax is a VCR (video cassette recorder) used in recording TV programs to view them at a convenient time later. People record the TV programs which they cannot view live on their VCR's so that they may view them at their own convenience later.

Universal Studio and Walter Disney immediately sued Sony on the grounds that VCR taping from the air constituted an infringement of their copyrights. In the 8-year-long litigation, the U.S. court adjudged in favor of

Sony. American firms frequently tried to curb Japanese goods that were ahead of theirs by arbitrary demands.

Each time a new Japanese product came out, Americans sued the Japanese manufacturer. The U.S. trade deficit with Japan has increased each year. In the past three years it increased from $60 billion to $90 billion. This has spurred never-ending trade disputes between the United States and Japan, with their positions sharply in conflict with each other.

Americans brand Japan as an aggressor in the trade war. The United States argues that Americans are losing their jobs because a torrent of Japanese goods is flooding the U.S. market. It claims that while Americans buy Japanese goods, Japanese are reluctant to buy American goods. The Americans complain that while Japanese are freely infiltrating the U.S. market, Americans are restricted in doing business in Japan because of the complex distribution system and regulatory controls.

U.S. Telecommunication Firms Use Japanese Parts

However, the Japanese reaction to these complaints of the Americans is, as they sow, so let them reap. The Japanese are countering the U.S. call for "reciprocity" with the call for "equality." In the final analysis the U.S. call for "reciprocity" is an expression of trade protectionism. By reciprocity the United States means that if Japan exports, say, $100 billion worth of goods to the United States, it should import about the same amount of goods from the United States at the same time.

On the contrary, the Japanese call for equality is based on the principle of free trade. Japan argues that because Japanese businessmen operating on U.S. soil are doing their business under the same conditions under which the Americans are doing their business and under the same American laws, so by the same token Americans should do business on Japanese soil under the same conditions under which the Japanese are doing their business. Japan claims that Japanese firms operating in the United States have succeeded despite the invisible discriminations they have experienced. On the contrary, Japan argues, American firms in Japan are subject to no discriminations at all. The Japanese say that they treat Americans in Japan even more favorably than they treat their fellow Japanese. [passage omitted]

The Americans pay much attention to the trade deficit that is visible, but the Japanese advise them to pay more attention to their underlying management system. The Japanese argue that the trade imbalance between Japan and the United States is an outcome of the difference between their management systems. According to them, if the Japanese management system gets a grade of 100, the American management system gets only a mark of 50. That is why, the Japanese say, the Americans should try to improve their inferior management system before complaining about the trade deficit.

Japan argues that the Americans, absorbed in maximizing short-term profits, have neglected to improve the efficiency of their workers and increase capital investment and R&D efforts, whereas the Japanese have made a lot of investment without bothering about short-term profits. Japan contends that while the Americans were seeking their pleasures outside their enterprises regarding high pay and leisure as the highest form of happiness, the Japanese businessmen have managed their businesses in such a way that their workers sought their happiness at their workplaces.

The Japanese claim that Japanese workers have a greater sense of happiness in giving full play to their creativity and talents than in high pay, whereas American workers are just concerned about filling their working hours by playing games with their firms with the time cards. The Japanese say that American firms operating in Japan are having difficulties in employing Japanese workers, whereas Japanese factories operating in the United States have Japanized their American employees to compete with American business. In fact, the WALL STREET JOURNAL reported time and again that American employees of the American Honda Motor Co. have a higher pride in their work than the Ford or Chrysler employees in their work.

Americans Not Working Hard, but Complaining Much

Some critics point out that Japan carries out research and development looking 10 years ahead, with the idea of presenting some new products to the customers, but that the United States has no vision for 10 years ahead. They recall that when Japan was spending a lot of money trying to invent a small transistor radio, the United States scorned this effort.

Critics ask, what is wrong with seeing the market far ahead of time and coming up with new products that the Americans have never dreamed of? They point out that each time a Japanese firm came up with a new product, there were only two options left for the American competitor: either to sue the Japanese manufacturer on charges of violating the intellectual property rights or the patent rights; or to import the Japanese product with an American label printed on it.

The outmaneuvered Americans began gradually shifting from the manufacturing sector to service sectors, and American manufacturers were apt to move their operations overseas in search of cheap labor, hollowing out the manufacturing sector in the United States. When the short-term profits were down, American firms fired their managers holding them responsible for their operational decisions. This made American business executives reluctant to take active risks. On the contrary, when a Japanese firm suffered even a huge short-term loss, it did not call its executives to account. That is why, critics say, Japanese executives have been able to take risks as necessary.

The Japanese believe that it is foolish to try to find who is to blame, but it is wise to find out the fundamental causes of the mistake made, for only by so doing is it possible to learn a valuable lesson from the mistake.

They would argue: What would happen if you fired your manager when things did not turn out as intended although he did his best? You would have to hire a new manager to replace him, but chances are high that the new manger would make the same mistake.

While Americans were fettered by conventions and customs attaching weight to the experience factor, Japanese preferred new people to experienced ones and encouraged the former to bring their initiatives into play. Critics say it is much better to give younger employees authority and responsibility as well as challenging goals and vision than to employ old hands. [passage omitted]

ROK Security Quandary

If we were to score the relative performances of Japan and the United States on the basis of the facts cited above, we would give a mark of 100 to Japan and a mark of only 50 to the United States at the most. Japan is strongly advising that the United States should rather turn its eyes on its internal problems than make a protest against the trade deficit. As long as the United States tries to solve economic problems from a political viewpoint, overlooking its internal problems, it will never be able to free itself from the morass, but only accentuate the image of the American people as an unreasonable people, the image of the ugly Americans.

The behavior of the United States over North Korea's nuclear program and its mounting trade pressure are enough to make us concerned about how the United States will treat the ROK in the future. Currently, the ROK is caught between Scylla and Charybdis. Lying in ambush in front is North Korea, a ferocious military regime, and standing in the back is the United States, a nation of pecuniary interests, manipulating tensions to make the most of them.

But for the U.S. Forces in Korea, the security of the ROK would be in great danger. North Korea could launch aggression against the South the moment U.S. troops are withdrawn. Every North Korean soldier, from brass hats down to buck privates, makes light of the ROK Armed Forces. As long as the NKPA [North Korean Peoples Army] has this kind of perception, the actual combat capability of the ROK Armed Forces would not matter much. No matter how mighty the combat capability of the ROK Armed Forces may be, whether or not war will break out wholly depends on how the North Korean authorities evaluate this capability. A conventional fighting force, no matter how numerous its troops may be, cannot but be an uncertain deterrent. Accordingly, the ROK's security is wholly dependent on the United States, a nuclear superpower.

There are a number of reasons North Korea makes little of the ROK Armed Forces. First, the ROK Armed Forces, unlike the NKPA, has no group of personnel who devote their lifetime to the study of matters related to the employment of troops, such as military strategy, tactics, and doctrinal problems. When it comes to the dispositions of troops, the NKPA overwhelms the ROK Armed Forces in all respects. A few examples will be helpful in understanding this point.

North Korean Air Force division commanders are experts on army tactics also. In time of war they are present at the army operations headquarters to figure out what the air force should do, while observing the combat operations of the army. Means of air cover are readied under their orders. While the ground crew loads fighter planes with weapons and checks the state of maintenance, the pilots study the approach path, the targets, and the method of attack. As soon as coordination with the army is completed, the fighters standing by take off. The method by which the air division commander is on hand at the army command headquarters directing air support operations as needed has two strong points: a much shorter time spent in decisionmaking; and the excellent quality of the decisions made.

Too Late When Fighter Plains Reach Scene

Fighter wing commanders of the South Korean Air Force are virtually strangers to army operations. While army operations are under way, they themselves are at their air bases far from the battlefields and dispatch field officers with the rank of lieutenant colonel or below to the army headquarters. When the army requests air strikes on a specific target, then and only then the liaison officer asks the U.S. Air Force operations headquarters for support.

It is at that time that our air force headquarters situated far away begins to evaluate the situation of our troops and that of enemy troops. It asks the liaison officer a number of questions through the communications network—questions such as: What the target is; what level of support is needed; how the fighters should approach the target; what kind of enemy fire is expected when our fighter planes approach the target; how they can avoid fire from the friendly batteries; and what the target looks like.

When asked these questions, the liaison officer asks the pertinent army officers the same questions, and prepares a report on their replies, and transmit it to the air force headquarters. It takes a great deal of time for the air force operations headquarters to assess the combat situation and decide on countermeasures. Not only does it take much time to make decisions, but also the quality of the process of decisionmaking is poor. To all intents and purposes, it is field-class officers at the headquarters who make operational decisions.

The operational orders are flown from the air force operations headquarters to the far away air wing. After receiving these orders, the wing commander spends much time reviewing the combat situation, devising a practical method of striking the objects of the target, and studying the best approach route to avoid friendly fire. By the time the fighters take off, the fighting will have been over.

If we give a mark of 100 to the method of air support provided by the North Korean air division commanders, the ROK Air Force wings would draw less than a mark of 10. Admittedly, the ROK Air Force's fighter planes have an edge in performance. But in the event of war, the ROK Air Force's system of operation with a mark of 100 will be pitted against the North Korean counterpart with a mark of 10. No matter how outstanding the skills of the pilots, a sum of their individual kills cannot be a match for the capacity of a superior system.

Great Potential, but Useless in Short War

North Korean officers' intelligence quotients (IQ's) are very high. North Korean youths without exception enter the service when they finish high school. Upon the completion of their three-year service as enlisted men, their future courses are determined by a group of about 20 ranking party officials in the divisions to which they belong. These party officials evaluate the performance of these soldiers and divide them into two categories, one qualified for an officer and the other qualified for an NCO. The collegium of 20 is large enough to prevent any collusion among them in this selection. Those selected for officers enter the military academy. When commissioned, they are sent back to their former units. Under this system, 99 percent of the present North Korean division commanders have spent all their lives in their same old places. For them there is no shift of assignments among units.

As soon as officers wake up in the morning, they discuss how to win a war. With discussion established as a routine, who is more intelligent becomes clear to anybody . The routine process of discussion is conducive to developing creative thinking. As the saying goes, two eyes can see more than one. This system precludes any possibility of irregularities involving promotions as happen in the ROK military. North Koreans know well what they should do first and what the next step should be in the event of a war.

They know how to secure the barrels of gasoline stacked up in open-storage yards in the South intact once they cross the border. They can draw up the map of the invasion routes down to Pusan in their minds.

A division commander can spend a week in his official resident each month. He must be on sentry duty with soldiers for one week, and stay with his men in barracks for two weeks. He is even familiar with the personality of each soldier. To North Korean soldiers, their division commander is mirrored as an attentive father. In North Korea, a man in a high position works that much harder.

Former North Korean officers who defected to the South invariably say that they have the impression that South Korean division commanders are like military policemen. They ask how these commanders can work wearing their shiny boots which are so slippery that even a fly cannot alight on them. In North Korea even a second lieutenant can point out any mistake of his division commander, whereas in South Korea even colonels are afraid of talking to their division commander. This seemed strange to former North Korean officers who defected to the South.

A North Korean spy stole a manual of the Hawk missile, which is a centerpiece of the ROK arsenal for defense. North Korean Air Force pilots on field duty mastered the English manual and devised a method of cheating the automation logic of the Hawk missile. When Hawk missiles were deployed in South Korea for the first time, North Korean pilots were afraid of them. But once the method of cheating the computer of the Hawk missile was contrived, they came to make light of the missile. North Korean defectors say this kind of feat is hardly expected of South Korean pilots.

Our military authorities have until now evaluated the comparative combat strength of the North and South Korean Armed Forces on the basis of the visible arsenal and manpower. They argue that no one can tell which is superior, the North Korean officer corps or the South Korean officer corps, until they actually engage in fighting against each other. This is a very irresponsible and imprudent way of thinking. The outcome of a war is determined by planning. Actual fighting is but a process by which the superiority of the pre-drawn plans is determined. There are many officers who argue that only when a war is actually fought will it be possible to determine the victor because war is full of surprises and uncertainties. But surprises and uncertainties are mere tributaries to the main stream.

Nuclear Weapons, Panacea for Postunification Security

Many leading members of our military think highly of the potential strength of the South. But North Korea laughs at this view. North Korea says it is well aware of South Korea's potential strength. But it argues that just like a dinosaur, it will take quite some time for South Korea to get up and bring its potential into play, therefore South Korea's potential won't have much effect on a short war. This claim is quite right. Even in the United States, it will take 15 months to double the normal pace of missile production. It is common knowledge that in modern warfare it is unrealistic for any nation to count on its potential for industrial mobilization as is illustrated by the fact that it was only after the Korean war was over that the latest model of American tank was sent to South Korea. This issue has been studied as a question of whether [in a short war] a given amount of defense money should be spent on existing weapons or invested in boosting the potential for weapons production. In fact, all American military planners would rather buy existing weapons than spend the money in boosting the production potential.

Compared with the North Korean military, the ROK military has many problems in diverse areas, and these problems can hardly be resolved with the vision of the current civilian government. If there can be found the easiest way out, the possession of nuclear weapons will be it. If South Korea comes into possession of nuclear weapons by a hook or by crook, it will be freed from the grip of the United States as well as from the threats of North Korea because nuclear weapons, however small the number may be, can be a perfect deterrent. It is thanks to the possession of nuclear weapons that France was able to preserve its self-respect against U.S. arrogance.

Our neighbors all have nuclear weapons. Japan, though it does not possess nuclear weapons, is virtually as good as having them. South Korea is the only country in Northeast Asia that has no nuclear deterrence. It would be very reckless of South Korea if it should venture to go nuclear at this moment. But once North Korea comes into possession of nuclear weapons, it will automatically give South Korea ample justification for going nuclear. This is because South Korea would look like a fool to everybody if it should try to survive without means of self-defense in the face of the nuclear threat of North Korea. If North and South Korea go nuclear at the same time, they will not have to spend so much money on expensive conventional weapons and waste such a large number of productive personnel deployed in the grass fields as they are doing now. The possession of nuclear weapons could well be a panacea for postunification security. That North Korea should never be allowed to have its own nuclear weapons is the U.S. stand, but not the ROK position in the least. The sight of South Korea, the only nuclear 'have-not' in the Northeast Asian community, making a round of nuclear 'haves' begging them, "Please never allow North and South Korea to have their own nuclear weapons," will be a most consummate comedy in our history.

PRC People's Congress Official 'Set To Visit'

SK0107103794 Seoul YONHAP in English 1028 GMT 1 Jul 94

[Text] Seoul, July 1 (YONHAP)—Zhu Liang, chairman of the Foreign Affairs Committee of China's National People's Congress, is set to visit South Korea for five days beginning July 6 at the invitation of the Korea-China Parliamentarians Goodwill Association.

During his stay in Seoul through July 10, Zhu will meet with National Assembly Speaker Hwang Nak-chu and ruling Democratic Liberal Party [DLP] Chairman Kim Chong-pil to discuss ways to promote exchanges between the two assemblies and between the Chinese Communist party and the DLP.

The Chinese official will also have opportunities to confer with Prime Minister Yi Yong-tok and Foreign Minister Han Sung-chu on the North Korean nuclear and other issues of common interest.

Prior to his departure, Zhu is to observe major industrial and tourist sites such as Samsung Electronics Co., Pohang iron and steel Co. and Kyungju.

PRC: No Nuclear Cooperation With DPRK

SK3006232594 Seoul KBS-1 Radio Network in Korean 2215 GMT 30 Jun 94

[Text] PRC Foreign Ministry spokesman Wu Jianmin said that the United States has never asked China to preserve [pogwan] North Korea's used fuel rods.

Asked by reporters about THE NEW YORK TIMES report on the above, the spokesman, who is accompanying Premier Li Peng in Vienna, said that China had not received such a proposal as of that time.

Noting that there is no nuclear cooperation [haek hyomnyogi chonjaehaji annunda] between China and North Korea, he said that China has two goals regarding the North Korean nuclear issue—to protect peace on the Korean peninsula and to denuclearize it.

He also said: China hopes the third round of U.S.-North Korean high-level talks and South-North summit talks will bring positive results [kungjongjogin kyolgwa].

Russia Said 'Delighted' With Easing of Tensions

SK3006070494 Seoul YONHAP in English 0651 GMT 30 Jun 94

[Text] Seoul, June 30 (YONHAP)—Russian Ambassador to Seoul Georgi Kunadze indicated Thursday that the eight-party conference proposed by Moscow to resolve the North Korean nuclear row has been shelved.

Kunadze gave the indication at a meeting with opposition Democratic Party leader Rep. Yi Ki-taek at the latter's National Assembly office.

The eight-party conference was proposed at a time when no other dialogue channel seemed to exist, Kunadze said.

"A continued push for the octagonal meeting has become irrational now with the upcoming third-round talks between the United States and North Korea and the inter-Korean summit," he said.

If these dialogue channels stalled in the future, Russia would take up the eight-way proposal again, he stressed. Moscow has not given up on the proposal, but is merely adopting a wait-and-see attitude to assess future developments.

Some form of multilateral forum is necessary to ensure the political stability of Northeast Asia as well as settle the nuclear issue in the long term, Kunadze asserted.

Declaring that the Russian Government, politicians and people are delighted with the easing of tensions on the Korean peninsula, he stressed that regular inter-Korean summits would play a critical role in advancing South-North relations.

Russia Said Likely To Repay in Defense Products

SK3006114494 Seoul YONHAP in English 1110 GMT 30 Jun 94

[Text] Seoul, June 30 (YONHAP)—The likeliness has grown for Russia to repay in kind the economic cooperation loans provided to them by South Korea, it was reported here Thursday.

Chong Tok-gu, Finance Ministry's director-general for economic cooperation, said he had been to Moscow on June 12-20, exploring the possibility of the defaulted loans getting repaid in kind such as helicopters, machinery, steel, coal and electrolytic copper.

"We have determined there would be no problem even if the loans we gave them are repaid in these items in view of their prices, performance and demand in the country," Chong said.

He said the helicopter being eyed, for instance, is KA-32T helicopter with the capacity of 19 persons and able to fly at 230km per hour.

Saying Russia also offered to repay the loans in some defense industry products, Chong said its feasibility is being reviewed by proper authorities.

But, no other means of repayment, like the right to the site of a Korea-Russia trade center, were discussed during his recent visit to Russia, Chong said.

The government is expected to have further loan repayment talks with Russia at a second high-level working-level meeting slated for late July in Moscow.

Nuclear Program Discussed With Thai Minister

BK2506144694 Bangkok Radio Thailand Network in Thai 1200 GMT 25 Jul 94

[Excerpt] Defense Minister General Wichit Sukmak spoke with reporters on his meeting with ROK counterpart Yi Pyong-tae. He said they exchanged views on issues in the Korean peninsula which the ROK regards as important and affecting its country. Concerning possible DPRK production of nuclear weapons, the ROK sought Thailand's support in the discussion on 28 June to prepare for the summit between the ROK and the DPRK.

Regarding the agenda for the ROK-DPRK discussion, the defense minister said that the ROK wants the DPRK to disclose its project on nuclear weapons development. The ROK's position in the discussion is that if the DPRK insists on manufacturing nuclear weapons and refuses to disclose the facts to the international community, it wants Thailand to support trade sanctions against the DPRK. The ROK wants the discussion to achieve a peaceful settlement and wishes to see the DPRK develop its nuclear project peacefully. This is because a nuclear conflict will instantly destroy the entire Korean peninsula and both Koreas. Four decades of national construction and investment will be worth nothing. [passage omitted]

Agreement Reached With Thailand To Buy Rice

BK2606114394 Bangkok THE SUNDAY POST in English 26 Jun 94 p 3

[Text] South Korea has agreed to buy 100,000 tons of rice and to increase quotas for imports of tapioca and frozen chicken from Thailand.

The agreement was reached yesterday in negotiations with South Korea involving Deputy Commerce Minister Chaiyot Sasomsap and Foreign Trade Department Director General Oranut Osathanon.

Seoul will initially import 5,000 tons of rice from Thailand. Shipment of the balance is subject to negotiation of details.

Mr Chaiyot said South Korea agreed to increase the import quota of tapioca from 2,400 to 4,100 tons a year.

Thailand was not yet satisfied with the increase and proposed that the quota be increased to 100,000 tons [figure as published]. Seoul will reply to the request today.

South Korea will import 7,700 tons of frozen chicken from Thailand next year and 10,400 tons in 1996.

Imports of frozen chicken will be freed-up in 1997 but the import tax will be increased from 20 to 30.4 percent.

The two countries agreed that to solve a problem of insects found among orchids imported from Thailand, Thai exporters will be more careful and Korean public health and agriculture officials will inspect shipments before they are sent from Thailand.

Seoul agreed to consider its tax on gems from Thailand.

Thailand Urges Seoul To Invest in Development

BK2606125394 Bangkok Radio Thailand Network in English 0000 GMT 26 Jun 94

[Text] Prime Minister Chuan Likphai has urged South Korea to take part in the quadrangle economic cooperation and growth triangle schemes. The two projects are aimed at developing sub-regional economy. The quadrangle economic cooperation project involves Thailand, Myanmar [Burma], Laos, and Southern China. The growth triangle project involves Indonesia, Malaysia, and Thailand.

Prime Minister Chuan, who is to conclude his 4-day official visit to South Korea today, invited South Korea business people to invest more in Thailand. He said Thailand does not only serve as a market for Korean manufactured products but also a springboard for Korean trade and industrial expansion into Indochina and Myanmar.

The prime minister said Thailand is ready to undertake joint ventures with South Korea. He said Thai labor force is efficient and well-trained. Thailand also enjoys financial stability. The baht value is strong and the country has a low inflation rate in Asia.

Prime Minister Chuan also praised South Korea for its success in democratic development, trade, and industrial liberalization as well as cultural and sport development. He said the country could be regarded as a model for other developing countries.

Events Held To Commemorate Outbreak of War

SK2506030494 Seoul YONHAP in English 0243 GMT 25 Jun 94

[Text] Seoul, June 25 (YONHAP)—A variety of events took place across the nation Saturday to commemorate the 44th anniversary of the outbreak of the Korean war.

The Korean Veterans Association held a ceremony at the National Cemetery in Tongjak-tong, western Seoul, to honor those killed during the 1950-53 fratricidal war with over 8,000 Korean war veterans and bereaved family members of soldiers, policemen and others who died during the conflict in attendance.

The participants then moved on to Olympic Park in eastern Seoul to attend a rally calling for peaceful reunification of the nation. A resolution was adopted urging peaceful unification of the country.

Singers performed songs related to the Korean war, then a military chorus and a military band entertained the veterans and the bereaved families of the war dead.

Paratroopers from the special warfare forces showed their skills at the end of the rally.

Prime Minister Yi Yong-tok will hold a dinner at Dynasty Hall, the Hotel Shilla, in honor of the Korean war veterans.

Hundreds of thousands of Christians plan to hold a rally in Yoido, central Seoul, at 4 P.M. to pray for the souls of the war dead and the peace and well-being of the country.

Former Presidents No, Chon Reconcile at Meeting

SK2506112194 Seoul YONHAP in English 1021 GMT 25 Jun 94

[Text] Seoul, June 25 (YONHAP)—Former Presidents Chon Tu-hwan and No Tae-u met over lunch Saturday in a reconciliatory gesture to heal years-old feud over the liquidation of the legacies under Chon's administration.

Their encounter took place at a restaurant in Kangnam, Southern Seoul following their visits to the National Cemetery at 11 a.m. on the occasion of the 44th anniversary of the outbreak of the 1950-1953 Korean war.

Prior to the lunch, Chon told reporters No had been one of the most intimate friends for most of his life and came to meet No to "lead a future-oriented life by leaving the past to the judgment of history."

Meanwhile, No said that during his presidential term, his political standpoints might be different from those of Chon, adding "I've come here to make friend with Chon as the people in the country seem worried about our discord."

Emerging from the luncheon meeting, No told reporters that they would meet frequently in the future, indicating that the two former presidents became reconciled for the moment. "There is nothing to melt our emotional entanglement," he said in a reply to a question on whether the two thawed out the discord.

Their relations began to sour in early 1988 when No, who succeeded Chon as president, took strong actions punishing those involved in various irregularities under Chon's reign.

DLP Nominates New Assembly Speaker

SK2706064994 Seoul YONHAP in English 0159 GMT 27 Jun 94

[Text] Seoul, June 27 (YONHAP)—The ruling Democratic Liberal Party (DLP) nominated Hwang Nak-chu as House Speaker and Rep. Yi Chun-ku as deputy speaker Monday.

Hwang, after obtaining National Assembly approval, will be promoted from his current position of vice house speaker.

The ruling camp also selected chairmen of National Assembly standing and special committees—Reps. Pak Hui-tae for legislation and judiciary, Na Ung-pae for foreign affairs and national unification, Kim Ki-pae for home affairs, Sim Chong-ku for finance, Hwang Myong-su for national defense, Sin Kyong-sik for culture, sports and information, Yang Chang-sik for agriculture, Forestry and Fisheries, Pak Chae-hong for transportation and communications, and Sin Sang-sik for information.

In addition, the DLP named Reps. Kim Yong-tae as head of the special committee on budget and accounts, Yi Chong-kun for the special committee on ethics, and Kim Han-kyu for the special committee on international competitiveness.

Party spokesman Pak Pom-chin said the nominees were chosen based on seniority. They were selected from members who have been elected three or more times while those having served two terms were given positions in a few special circumstances.

DP Appoints Chairmen of Standing Committees

SK2806034194 Seoul YONHAP in English 0221 GMT 28 Jun 94

[Text] Seoul, June 28 (YONHAP)—The opposition Democratic Party [DP] convened a Supreme Council meeting Tuesday morning and decided to appoint Rep. Choe Nak-to as new secretary-general while retaining chief policy-maker Rep. Kim Pyong-o.

At the same time, the party designated the National Assembly standing committee chairmen's posts reserved for the opposition camp as follows: Kim Tok-kyu for administration and economy; Yi Yong-kwon for education; Cho Sun-sung for trade and energy; Pak Sang-chon for health and social affairs; Hong Sa-tok for labor and environment; and Chang Kyong-u for communication and science.

The DP's only female legislator, Yi U-chong, was named to head the newly installed special committee on women.

After the Supreme Council meeting held at a Seoul hotel, DP spokesman Rep. Pak Chi-won said the party's selections were based on the number of times a lawmaker has been elected, capability, and willingness to unify opposition forces.

The party will soon reshuffle lower-echelon postholders such as the chairmen of its discipline and public relations panels.

Legislator Denounced for 'Clandestine Campaign'

SK3006011594 Seoul THE KOREA TIMES in English 30 Jun 94 p 2

[From the "Press Pocket" column: "Criticism of Yi"]

[Text] Rep. Yi Man-sop, former National Assembly speaker, is being criticized for calling fellow lawmakers clandestinely in a futile attempt to maintain his speakership in a vote showdown at the Assembly plenary session Tuesday.

In the Tuesday vote, Rep. Hwang Nak-chu, who was tapped to head the Assembly by President Kim Yong-sam, also the ruling Democratic Liberal Party [DLP] president, was elected as speaker by winning 174 votes or 62.6 percent of the 278 ballots cast, the poorest showing since the Assembly's election of Paek Tu-chin, as speaker in 1974. Paek earned 62.5 percent of the total votes. In the past, speaker candidates nominated by ruling party presidents used to win over 80 percent of the votes cast.

Yi, in sharp contrast, won 95 votes or 34 percent of the total votes and this prompted ruling party leaders to denounce him for engaging in a clandestine campaign for his reelection, which DLP chairman Kim Chong-pil said is unthinkable in light of the long-held tradition in Assembly politics.

In a DLP caucus held before the election of the new Assembly leadership Tuesday morning, chairman Kim expressed strong displeasure with what he called "someone's dreadful act."

Rep. Hwang also complained about the move by Yi, who reportedly lost President Kim's trust because of his refusal to preside over an Assembly session convened last December to pass the 1994 national budget apparently mindful of the opposition threat to block it. Yi entrusted Hwang to preside over the session and Hwang was injured by opposition lawmakers in a floor melee.

DLP leaders suspect that a considerable number of ruling party lawmakers joined opposition lawmakers in voting for Yi in an apparent mutiny against President Kim.

Ruling party leaders tried to patch up the wound, deciding not to take issue with Yi's action any more.

DLP secretary general Mun Chong-su said that the party does not have a plan to call the disciplinary committee into session to discuss the case of former speaker Yi.

Yi, meanwhile, flatly denied the charges, saying, "I want them to stop shooting me in my back. Do you think that lawmakers are the type of persons whose decisions are easily swayed due to someone's phone call."

Contradicting Yi's remarks, a DLP senior official said he was tipped by ruling party lawmakers that Yi called them up and asked for their support in the vote for the speakership.

The opposition Democratic Party, meanwhile, assailed the ruling camp's move to disgrace the former speaker, while lauding Yi's attitude of seeking to stay neutral while running the Assembly.

Rep. Pak Chi-won said, "Former speaker Yi set a rare precedent of refusing to play a part in railroading a bill through the Assembly overriding President Kim's request to do so in order to maintain the dignity of the legislative body."

Pak argued that ex-speaker Yi's case can be compared with the recent dismissal of former premier Yi Hoe-chang by President Kim.

"President Kim throws his men away once they are not useful any longer. The cases of ex-premier Yi and ex-speaker Yi are fine examples of Kim's cold-hearted style of personnel management," Pak said.

Burma

Refugees Under Pressure From Thai Government

BK0107085094 Bangkok THE NATION in English 1 Jul 94 p A2

[Text] Burma's National Democratic Front (NDF) has accused Thai authorities of trying to pressure the New Mon State Party to agree to a ceasefire with the ruling military junta by threatening to repatriate Mon refugees living in Thailand.

NDF general secretary Khaing Soe Naing Aung has urged Thailand and the international community to use their influence to persuade the junta, officially the State Law and Order Restoration Council (Slorc), to make a political settlement with ethnic minorities instead of arranging separate ceasefires.

In a statement yesterday he said Mon refugees should not be forced to return to Burma until it was clearly safe to do so. Thailand should not use the threat of refugee repatriation to achieve political goals.

The United Nations High Commissioner for Refugees (UNHCR) has said Burmese refugees should be allowed to return voluntarily after the Rangoon regime reaches agreements with the various parties.

Social aid workers report that in recent months more Mon and Karen refugees have crossed into Thailand where about 72,000 Burmese refugees are already living in camps along the border. The influx is attributed to the threat of being pressed into labour squads for railway and gas pipeline construction.

The NDF statement said that at the end of 1992 Thai authorities insisted that the refugees from three camps near Three Pagodas Pass in Kanchanaburi province must relocate to a new site at Lo Loe, about 40 km from Sangkha Buri town.

They were assured they would not need to move again until it was safe to return to Burma. But in 1993 pressure was applied for the new Lo Loe camp to be again relocated to a spot right on the Burma border, said the statement.

The NDF said Mon refugees should not be forced to repatriate until it was clearly safe to do so and Thai authorities should not use the threat of refugee repatriation to achieve a political end.

109 Rebels Reportedly Surrender During May

BK3006155394 Rangoon Radio Burma in Burmese 1330 GMT 30 Jun 94

[Text] Members of armed groups in the jungles, who have come to realize their wrongdoings and accept the work being undertaken by the the State Law and Order Restoration Council [SLORC] and the genuine goodwill of the SLORC, have been giving up their armed struggle and continually surrendering with their arms and ammunition at various military camps.

From 27-31 May 1994, 24 terrorist insurgents—from the ABSDF [All Burma Students' Democratic Front] jungled-based armed group in the Northern Military Command Region and Southern Military Command Region, from the Loimaw Drug Smuggling Group in the Northeast Military Command Region and the Eastern Military Command Region—returned to the legal fold and were warmly welcomed by responsible personnel concerned at the respective camps.

A total of 109 members of the jungle-based armed groups returned to the legal fold in May.

Brunei, Malaysia & Singapore

Malaysia

Sabah Politicians Named Federal, Deputy Ministers

BK0107095794 Kuala Lumpur BERITA HARIAN in Malay 25 Jun 94 pp 1, 2

[Excerpt] Kota Kinabalu, Friday—Datuk Bernard Dompok, president of the Sabah Democratic Party [PDS]; and Dr. Jeffrey Kitingan, deputy president of the People's Justice Movement [Akar], were appointed federal minister and deputy minister, respectively.

Announcing the appointments here today, Datuk Sri Anwar Ibrahim said Prime Minister Datuk Sri Dr. Mahathir Mohamed will decide on Dompok's portfolio after he returns from abroad in the middle of next month.

"The prime minister has asked me to announce appointments for several federal posts; which will take effect as soon as he returns home from abroad in the middle of July.

"First, Datuk Bernard Dompok has been appointed federal minister and his portfolio will very likely be Sabah affairs, but this will be officially announced by the prime minister," said the deputy prime minister at the old airport before returning to the capital this morning following a two-day official visit here. [passage omitted]

Army Chief Praises Performance of Troops

BK0107100994 Kuala Lumpur BERNAMA in English 0803 GMT 1 Jul 94

[Text] Alor Setar (Kedah), July 1 (OANA-BERNAMA)—The Malaysian battalions (Malbatt) in Bosnia-Herzegovina and Somalia have received the praise of the United Nations for their ability to carry out their duties well, Army Chief General Ismail Haji Omar said Friday.

He said the Malaysians were also well respected by the other contingents serving in the two countries.

The response from the local people was also good, he told reporters after visiting Malbatt 3 personnel who are due to leave for Somalia in stages from Monday.

Gen. Ismail said he was satisfied with the discipline of Malaysian soldiers serving overseas.

Addressing the soldiers earlier, he said they should adopt a neutral attitude when serving in UNOSOM [United Nations Operation in Somalia] 2 in Somalia.

He said they should always keep in mind that they were there to help preserve peace.

Members of the battalion should also be sensitive to local customs and situation, he said.

Singapore

'Commitment on Openness' Said Not To End

BK3006145494 Singapore THE STRAITS TIMES in English 30 Jun 94 p 28

[Editorial: "Room for Compromise"]

[Text] President Suharto's latest clampdown on the press has raised doubts about the future of political liberalisation in Indonesia, but the prospect for more openness is not as bleak as it appears. The ban on three weeklies—Tempo, DeTIK and Editor—will no doubt slow down the pace of liberalisation. However, there are reasons to believe that the country's progress towards more transparency in the political system will not grind to a halt. Over the years, Indonesia has moved in fits and starts towards more openness. With rising literacy, a growing middle class, more vocal pro-democracy activists and the current trend towards liberalisation, the process has already gained a momentum of its own. This trend is unlikely to be reversed because Indonesians today have come to expect more, not less, political freedoms, particularly when the economy continues to grow and they get accustomed to democratic institutions and politics. But this will be a gradual and evolutionary process. Forcing the pace has created problems, and this is what the present troubles are all about.

Of late, the Indonesian press has been very aggressive in the coverage of politically sensitive issues. It is easy to go overboard under competitive pressures on such stories as corruption in high places and collusion between politically well-connected businessmen and the authorities. Days before the clampdown, Mr Suharto fumed as he accused the press of fanning controversy about divisions in his Cabinet over the purchase of 39 former East German warships. To him, the reports "set one official against another and sowed mistrust between them to the point of disrupting stability". By banning the three weeklies, he wants to draw the line clearly on the limits of political openness. The issue for him is the stability of his New Order regime, not press freedom. As Indonesian journalists probe and push forward to broaden the limits of official tolerance, he faces the tricky task of reining in an inquisitive press without going so far as to muzzle it completely. The ban is harsh punishment, but Mr Suharto wants to make the point that he is still very much in charge and means business.

A Western style no-holds-barred press at this stage is out of the question. Indonesian journalists will have to seek a modus vivendi with Mr Suharto and come to terms with what is acceptable and what is not. Just as they cannot be too impatient for change, the authorities will need greater forbearance. It will not be productive for the press to take its cause to the streets because this can only raise the political temperature and with it, the stakes. Political openness is not a zero sum game for the winner to take all. Mr Suharto seems willing enough to relax the controls as long as this does not undermine his government. In keeping with the trend towards more openness, he has been moving gradually in this direction, just as he has given civilians a bigger role in government over the years. The press clampdown is bad publicity for him at a time when he is preparing to host the summit of APEC [Asia Pacific Economic Cooperation] leaders in November. But he cannot afford the impression that his administration is falling apart.

The ban, however, should not be misread as an end to his commitment to openness. Seen in perspective, the issue really is about the pace of political liberalisation. Steady, even if slow, progress to more political freedoms is far better than a no-go from Mr Suharto as he grapples with the contentious issues of human rights, democracy, openness and political succession. He is acutely aware that these issues can be exploited easily by his opponents to create instability in the run-up to the presidential election in 1998. The pressures are already building up in what some see as his last term in office. The Indonesian press will do well to remember this as it tries to regain the President's confidence and have the proscribed weeklies publishing again.

Central Bank Forecasts Economic Growth

BK0107102994 Singapore BUSINESS TIMES in English 1 Jul 94 p 2

[Text] This Singapore economy can grow 6-7 percent over the next five years—faster than earlier estimated—because of a higher sustainable labour force growth, says the Monetary Authority of Singapore (MAS).

Three years ago, MAS projected that Singapore's potential growth over 1991-95 would be 5-6 percent—based on an estimated annual workforce growth of only 1-2 percent and productivity gains of 3.5-4 percent.

The authority, the country's de facto central bank, projected average GDP growth in the initial years to be about 6 percent a year. But actual GDP growth during 1991-93 turned out much higher—at about 7.5 percent a year.

While productivity increases during the period were within projections, employment growth was much higher at 3.8 percent a year, MAS notes in an analysis of Singapore's growth potential in its latest annual report released yesterday.

The higher-than-expected workforce growth was the result of strong inflows of foreign professionals and guest workers and an "unusually rapid" increase in the female labour force participation rate, says MAS.

These same factors will sustain a 2.5-3 percent employment growth over the next five years. This, coupled with continued annual productivity gains of 3.5-4 percent over the period, will support a GDP growth of 6-7 percent between 1994 and 1998.

Actual GDP growth this year should exceed the 6-7 percent band, says MAS. Concurring with the Ministry of Trade and Industry, it says the Singapore economy, which now faces more favourable external demand conditions, is likely to "register healthy growth near the upper end of the official 6-8 percent range in 1994."

But a moderation to around 6 percent a year is likely towards the end of the five-year forecast period as the robust GDP and export growth over the past 18 months is unsustainable.

In particular, it warns that inflationary pressures, which remained moderate last year, will pick up this year although it does not see consumer prices rising by more than 5 percent in the last three quarters of the year. So far, inflation has averaged 3.2 percent in the first five months of 1994.

MAS Chairman Richard Hu, also the finance minister, says in the annual report: "Foreign inflationary pressures will show a moderate pickup in 1994. Domestic cost pressures could accelerate more significantly."

MAS estimates that domestic inflation was 3.5 percent in the first quarter, while imported inflation rose slightly to a negative-0.3 percent.

But labour cost pressures will heighten as wage growth picks up and productivity growth eases from a cyclical high, says Dr. Hu.

The Goods and Services Tax [GST] introduced in April will add about 2 percentage points to inflation in the last three quarters of the year, MAS estimates.

But MAS' exchange rate policy will not seek to counter the one-off price increases due to the GST itself. "It is precisely the intention of the GST that it should eventually pass through to consumers as part of the shift in fiscal policy towards achieving a more even balance between consumption-based taxes and income-based taxes," says Dr. Hu.

"However, exchange rate policy will remain vigilant against an undue heightening of inflationary expectations and any rise in underlying inflation."

Excluding the GST effects, the underlying rate of inflation is projected at below 3 percent in the last three quarters of the year, says MAS. The sharp hike in COE [certificate of entitlement] premiums seen in the first quarter should moderate, and this would offset the modest pickup in labour costs.

The MAS annual report also addresses the issue of asset inflation, concluding that fears of a bubble economy in Singapore have been slightly overblown.

Cambodia

European Committee To Help With Infrastructure

BK0107091594 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 1 Jul 94 p 2

[Summary] At a meeting with Prince Kromkhun Norodom Sirivut on 29 June, the European Committee discussed the agreement on a protocol on financial aid worth $57 millions from the European Committee to Cambodia. Prince Norodom Sirivut welcomed the establishment of a European Committee office in Phnom Penh and expressed the hope that an agreement on the financial aid soon will be signed between the Cambodian Foreign Affairs Ministry and the European Committee.

Fossati, head of the Asia Department of the European Committee, says the aid is for the rehabilitation of Cambodia's economic infrastructure, including assistance to the educational sector and rural development, agriculture, and development of human resources.

British Arrive To Study Aid Possibilities

BK0107091494 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 1 Jul 94 p 3

[Summary] A delegation from BESO (British Executive Service Overseas) for Southeast Asia, a voluntary and independent British organization that kindly provides expertise to enterprises and various organizations to developing countries that cannot afford to pay consultancy fees, has arrived in Cambodia. The organization's aim is to improve work efficiency and living standards. The organization has dispatched experienced specialists to various countries to provide expertise on economics, industry, agriculture, trade, tourism, and infrastructure.

Derek Roff, head of this organization who is staying at the British Embassy during the visit, told REAKSMEI KAMPUCHEA that his organization has 3,000 specialists to assist in promoting competent human resources. Roff, however, did not say when his staff will come to assist Cambodia.

King Sihanouk To Withdraw From Public Life

BK0107044194 Hong Kong AFP in English 0421 GMT 1 Jul 94

[Excerpt] Phnom Penh, July 1 (AFP) - King Norodom Sihanouk will retire from public life for the next three months while he undergoes further sessions of chemotherapy to combat his cancer, a statement released by the Royal Palace Friday said.

"In July, August and September 1994, His Majesty King Norodom Sihanouk of Cambodia will not be in a position to grant audiences," the king said in the statement faxed from his residence in Beijing.

"Regarding this point, there cannot be the slightest exception because his eminent doctors have requested that he devote himself totally and exclusively to the nursing and medical treatment the king must undergo."

The 72-year-old king, who has undergone several previous chemotherapy sessions, is suffering from cancer of the bone marrow. King Norodom Sihanouk recently said he might feel obliged to take over the reins of power if the situation in Cambodia deteriorated to one of anarchy. [passage omitted]

Ranariddh Urges Clear Stance on KR Issue

BK0107062294 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 1 Jul 94 pp 1, 11

[Text] Prince Krompreah Norodom Ranariddh has said that "The entire international community should have a clear stance on the Cambodian problem."

He said this when he received Nikolay Isskine [name as published], representative of the Russian ambassador, who brought a message from Russian Federation President Boris Yeltsin to the Royal Government of Cambodia [RGC]. The message praised RGC's organization of the country for development and also expressed support for the national reconciliation policy being implemented by the RGC. The message pointed out and praised the astute leadership of Cambodia's king and says Russia will continue to assist the RGC.

Prince Krompreah further said that Cambodia is implementing a fine program which represents vigorous efforts from the two major parties to organize the country for development following the election and establishment of a legitimate government and a National Assembly elected by the people. The royal government has made vigorous efforts to reconcile and unite the nation because it wants to develop the country in peace and not in an unstable situation. The government also does not want bloodshed to continue. However, the threat of the genocidal regime's return still remains.

The government recently made great concessions to the Khmer Rouge [KR] by lowering itself from being the government and the National Assembly—which were elected by the people—to sit with a small group of rebels. This showed the goodwill needed to take part in round-table talks in order to achieve peace for the people and the nation in accordance with the initiative of King Sihanouk. However, the Khmer Rouge still want to solve the problem militarily.

Prince krompreah suggested that all countries who have signed the Paris agreement be responsible for the Khmer Rouge issue so that Cambodia has full territorial integrity and genuine peace and does not have a secessionist zone controlled by the Khmer Rouge. The entire international community should have a clear stance on the Cambodian problem and should not remain idle.

Upcoming National Assembly Meeting Previewed

BK0107060494 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 1 Jul 94 pp 1, 11

[Text] The National Assembly will resume its plenary session early next week on 4 July. According to a high-ranking National Assembly official, there are four items on the meeting's agenda. The first is the debate and approval of the appointment of Generals Sin Sen and Kieng Vang as state secretaries at the Interior Ministry. The second item deals with the announcement about outgoing people's deputies and their replacements. The third is on the debate and approval of the organization and functioning of the cabinet. Finally, The fourth item deals with the debate and approval of establishing a special commission to discuss, study, and advise about improving National Assembly internal regulations.

It is not yet clear whether the immigration bill and the proposal to outlaw the Khmer Rouge will be submitted at this session as expected.

Om Rasadi, chairman of the Commission for International Cooperation and Press, told REAKSMEI KAMPUCHEA that the government's bill outlawing the Khmer Rouge has not been seen by the assembly's Standing Committee. This is why this item was not included on the meeting's agenda. However, he added that one should wait and see, maybe the proposal will be advanced later.

Despite this, some opinions in the National Assembly indicate that the government may suddenly raise the proposal at the meeting. This view is based on the National Assembly's internal regulations, Chapter 11, concerning urgent announcements. Om Rasadi said that if this is allowed by internal regulations, it can be done.

Observers are closely following this issue. According to hints from major personalities in the National Assembly, the government, and the two major political parties, it is believed that the proposal to outlaw the Khmer Rouge will certainly be raised at this meeting. It is also expected that the National Assembly will support the government on this proposal.

Samdech Chea Sim, acting head of state, said last Saturday that he hoped that the majority of National Assembly members would support this move and that a two-thirds majority can be achieved.

As for the immigration law, which is needed for urgent promulgation, it has been delayed and has not been included for debate at this meeting for some reason. A

National Assembly official specified that this is an important law dealing with foreigners who are living, and are continuing to come to live, in Cambodia illegally. Therefore, the National Assembly's experts commission, in cooperation with all other commissions, must meticulously study this draft first. The official also said that at least 10 more days are needed to study and discuss this. The experts commission is now busy examining and receiving explanations from the government in order to defend this important bill. Furthermore, a number of international and nongovernmental organizations in the country are making efforts to give opinions on this bill. Some people think that this bill is too strict and is not clear on certain points. However, Heng Vong-bunchhat, from the government's Legal Advisory Council, said on 28 June that this is not so and this also does not run counter to international law.

Although some people think that the disclosed agenda of this meeting is not that important, others believe it is of special importance, for example items two, three, and four. Great concern has been expressed concerning item two because this issue has failed twice already. Earlier there were rumors that this item might be withdrawn due to conflict among assembly members from the two major political parties in the National Assembly. This conflict has not been expressed publicly yet; however, there are already signs of this within the National Assembly's Standing Committee.

'Senior Government Official' Defends Decision

BK0107100494 Hong Kong AFP in English 0949 GMT 1 Jul 94

[Text] Phnom Penh, July 1 (AFP)—The Cambodian co-premier's controversial decision to transfer responsibility for log exports to the defence ministry was a temporary measure and only concerned timber which had already being cut, a senior government official said Friday.

"It is a special case for a certain period of time and also for a clearly determined quantity of felled logs," the official, who asked not to be named, told AFP.

Political controversy erupted after a June 17 letter from co-Premiers Prince Norodom Ranariddh and Hun Sen to Thai Prime Minister Chuan Likphai announcing the decision, was made public early this week.

"According to the newly established procedures and modalities, the Ministry of National Defence of the Kingdom of Cambodia was entrusted to deal directly with the matter of timber export," a copy of the letter obtained by AFP said.

Finance Minister Sam Rangsi, however, said the co-premiers' move was against the law and represented a serious threat to the environment.

"It goes against the budget law," Sam Rangsi, whose ministry could stand to lose revenue [as received], said. "I think it can cause very serious damage to our forests, to the environment if there is not enough control, and I would say no control at all, on wood cutting and the export of timber," the minister said.

Sam Rangsi said he could not comment further as he was a member of the government.

"This is a decision of our two prime ministers, what can I say?" he said.

Although a ban on the export of unprocessed timber came into place March 1, two Thai companies would be allowed to continue to extract felled logs, the senior government official said.

The felled logs were in dangerous areas under the control of the armed forces and would otherwise rot on the ground, he said.

The government had "special measures" to ensure that no new timber was felled, he added, without specifying.

The official also dismissed concerns that the revenue from the sale of the logs would be used by the military to finance fresh offensives against the radical Khmer Rouge, which are expected to be launched once parliament passes an upcoming bill to formally outlaw the radical faction.

Indonesia

Editorial Views Cambodian Redevelopment

BK0107025394 Jakarta MERDEKA in Indonesian 22 Jun 94 p 6

[Editorial: "Numerous Obstacles Are Preventing Cambodia's Development"]

[Text] The visit to Indonesia this week by Prince Ranariddh and Hun Sen has opened our country's political observers' eyes wider in connection with the numerous obstacles which hinder our neighbor in executing its national development program. With the establishment of the Cambodian Government under King Norodom Sihanouk and the international recognition afforded to it, such a step does not imply that the desired internal peace will come automatically for a nation which is in pressing need of both physical and spiritual development. Accordingly, the two Cambodian leaders made the visit to Indonesia in an effort to seek assistance to alleviate their predicament.

Without any further deliberation, Ranariddh admitted that, after two decades of war, Cambodian society (except for the Khmer Rouge) has felt the urgency to redevelop its socioeconomic infrastructure. Cambodia's efforts will not materialize unless support comes from all its neighbors, including Indonesia. Cambodia's redevelopment process is clearly seen to be encountering serious obstructions because of the Khmer Rouge's limited open aggression near the Cambodian border. The Sihanouk government had undertaken numerous efforts toward establishing peace and national order. All such efforts have failed to materialize prior to the current visit by the two Cambodian leaders. The Khmer Rouge brushed aside the Phnom Penh government's offer to take a seat in the government. Its armed aggression is still continuing.

From statements made by Prince Ranariddh and Hun Sen, we can surmise that they are being held back on certain issues. The Khmer Rouge could be the possible major obstacle in the development of Cambodia and the establishment of peace in the country. This being the case, some other eminent Cambodian leaders have persisted in saying that Indonesia can help solve Cambodia's difficulties. Several questions need to be answered: Is it true that the Khmer Rouge is Phnom Penh's sole obstacle? Is it possible that the Khmer Rouge by itself has been capable of waging a continuous armed aggression for two decades? From where does the Khmer Rouge obtain its ordnance and logistics? From where does the Khmer Rouge get moral and physical support? Where did their injured soldiers receive medical treatment? Where are their leaders such as Pol Pot and his comrades, and which country will accept them with open arms?

Cambodia is facing a multitude of problems. Phnom Penh will definitely face more complex issues if one of the ASEAN member countries openly states its disinclination to help, and also if one of the countries involved in the Paris Meeting is willing to equip Cambodia with ordnance and logistics. One example which cannot be refuted was when a high-level member of the military from a neighboring country echoed his disinclination to support Australia's call for other countries to be sympathetic toward Cambodia's problems and that funds should be collected to provide Cambodia with weapons and other equipment in trying to oust the Khmer Rouge.

The problems which Cambodia is facing cannot be overcome overnight, even after it has "complained of its anguish" to Jakarta. Why is this? It should be acknowledged that certain high-level officials from a neighboring country have voiced their support for the Khmer Rouge. The officials concerned have strong influence and are from an important ASEAN member country. This should be noted. That country had previously provided a strategic military base for the United States and it would be willing to provide such facilities when needed. This should also be noted. This was the reason for Jakarta experiencing a similar problem when Foreign Minister Ali Alatas was conducting the acclaimed Jakarta Informal Meeting (JIM).

The Cambodian problem, as has been previously evaluated by geo- political strategists, is seen as one which can bring Southeast Asian conflicts into sharp focus. If we make a careful and in-depth study, we see that the problem also exists in the Asia-Pacific region. Why is Korea, with its multitudinous issues, not viewed as being a focus of conflict in East Asia? This can be easily answered: Cambodia is strategically situated along the boundary of the China Sea. The island nations within Southeast Asia would be affected if an issue were created to blockade the China Sea. This would have a crucifying effect on Australia, which is the political, military and economic center of Asia's "white man." If a military confrontation were to break out in this region, then all the island nations in the Pacific Basin would definitely be affected. That was the reason why the Cambodian leaders made their visit to Jakarta to present the old issues in a new form.

Vietnamese 'Boat People' Land on Sabu Island

BK0107102794 Jakarta ANTARA in English 0928 GMT 1 Jul 94

[Text] Kupang, E. Nusa Tenggara, Jul 1 (ANTARA)—Some 17 Vietnamese boat people landed in the eastern part of Sabu Island, East Nusa Tenggara's Kupang regency, because of engine trouble, regional police head Colonel Luntungan said Thursday.

Of the 17 Vietnamese, 2 are women, he said, adding that he has not received the detailed report of their arrival yet.

ANTARA's source, however, said the boat people arrived on June 22 because of engine failure.

"They are on their way to Australia," regional military commander Col. Eliza Hahumahua said.

"It is clear that we do not receive refugees," he said and stressed that as soon as their boat is fixed they will be asked to leave the country.

Told To Leave Waters

BK0107093094 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 1 Jul 94

[Text] Seventeen Vietnamese boat people have been told to leave Sabu Island waters in East Nusatenggara and head for their destination. Colonel Elisau Hahumahua, commandant of 161 Wirasakti Regional Command I [Roman one] in Kupang, relayed the request when he received confirmation from the Vietnamese boat people that they would depart after the engine was repaired.

The 17 Vietnamese boat people, who were on their way to Australia, landed on Sabu Island on 22 June when the engine of their boat broke down.

Offer To Renew Journalists', Workers' Permits

BK0107092894 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 1 Jul 94

[From the "Press Review"]

[Text] KOMPAS considers Information Minister Harmoko's statement that the government will issue new permits for journalists and press employees; a new and open offer for publishers whose publications have been banned. Even though the publishers feel they can solve the issue through legal procedures by forwarding their case to national legal authorities, it would be more appropriate if the settlement could be carried out through negotiations. Why should such a step be taken? According to KOMPAS, the problem can be settled speedily through a pragmatic and conducive approach and by taking into account the current situation and conditions. This step is considered to be a mature move in the effort to prevent the press from sustaining further losses. The publishers are not the only ones who stand to lose but their employees also will suffer.

Surprise Expressed at Publications Ban

BK0107105394 Jakarta THE JAKARTA POST in English 23 Jun 94 p 4

[Editorial: "The Axe Has Fallen"]

[Text] It was truly shocking to learn the other day about the government's decision to ban the three leading weekly magazines TEMPO, EDITOR and the tabloid DETIK.

It never crossed our mind that right in the middle of the newly found climate of openness the government would go so far as to ban these three publications.

Indeed, for many it was unthinkable that the deplorable and ultimately deadly weapon, the canceling of press publishing permits, would be used by the government to stop those "prying and irritating" press reports. One would have thought that the government would first take smaller steps, which would have ensured a similar effect without having to kill the goose.

After all, we believe that to our accepted way of thinking we are all members of one big family in which advisement and persuasion are preferred whenever possible.

Apparently, in this case, the government has taken a different view. As stated by Director General for Press and Graphics, Subrata, the government was forced to take this extreme measure because the publications had repeatedly ignored official warnings about the manner in which they reported news or managed their operations. Subrata also said that the steps taken are for the sake of the development of a free, healthy and responsible press and to maintain national stability.

One thing that makes it rather difficult for the press, of course, is that no clear-cut guidelines have ever been outlined on what constitutes acts that disrupt or endanger the nation's stability. Surely, most people would agree that so far there have been no indications that the nation has been destabilized or is in any way in danger.

Nevertheless, there were plenty of indications of late that the government was growing irritated with certain members of the media. In the last several months scores of publications received oral and written warnings from the authorities. A number of officials, and some observers as well had also urged the press to be more circumspect lest the government close the gate of openness.

The most obvious indication that something would happen was when President Suharto, in his speech in Teluk Ratai, Lampung, on June 9 hinted that the government would take "firm action" against certain publications he alleged had fanned the controversy over the government's purchase of used East German warships, which jeopardized national stability. By then, any keen observer could conclude that certain members of the media would get the axe.

And thus, regretfully it has fallen. It was indeed a very sad experience to have to helplessly watch our colleagues being punished and fall victim to certain debatable aspects of our society, as we agree with the view that a legal course should always be taken to settle disputes or violations of any kind.

Still, the incident provides some valuable lessons. The first is the fact that we, particularly the press, are still—to use a popular phrase—in a period of living dangerously. It would be too naive to expect that the authorities would shrink from any step they felt necessary to maintain their treasured national stability.

Whatever the case, one should not believe that the closure of the three magazines spells either the end of the world or the end of openness. We believe what might happen is that the corridor of openness will be slightly and temporarily narrowed and that the media must wait for the gate to be reopened.

We agree with the view that what has happened will most probably slow down the speed with which political openness has been progressing. But in the end, we believe that democracy will be recognized for what it is: an unstoppable phenomenon, beneficial to all.

* Minister Comments on Bapindo Case

94SE0135A Jakarta SUARA PEMBARUAN in Indonesian 20 May 94 p 4

[Text] Minister of Finance Mar'ie Muhammad did not comment on reports that $500 million from the Salim Group was used to help pay BAPINDO's [Indonesia Development Bank] obligations. He will explain this matter at an official meeting with the DPR [Parliament] as soon as possible.

"Just wait. I will explain this matter at an official meeting so that there isn't any public confusion about it," said Mar'ie, after attending a meeting of the Monetary Board in Jakarta on Wednesday evening (18 May).

Mar'ie did not deny the reports, but he also did not confirm them. He only said that the important thing right now is that the government is trying to settle the BAPINDO case.

However, he did not state what steps have been taken by the government to minimize state losses from this case in which 1.3 trillion rupiahs worth of BAPINDO loans were manipulated.

Because of this case BAPINDO must immediately pay bank acceptances (BA) to the banks involved in the syndicate which funneled the loans to the Golden Key Group (GKG).

It is estimated that BAPINDO's total obligations amount to $350 million, which had to be paid on 1 April.

A day earlier, during the breaks at a seminar entitled Contemporary Banking Criminality in Indonesia, the economic observer Dr. Sjahrir said that he was not convinced that the Salim Group had provided aid because the amount was so large.

"I'm not convinced that the Salim Group gave $500 million in aid. If they had bought government shares in one of the Salim Group's companies (Indocement), this would have made more sense," said Sjahrir, who is also the Managing Director of ECFIN [expansion unknown].

As for the possibility that it will be done in the way that Sjahrir has suggested, at a recent working meeting with Commission VII of the DPR, Mar'ie said that the government would meet all of BAPINDO's obligations. And government shares in several private companies would be sold if all efforts to obtain the funds in other ways were unsuccessful.

At that time it was said that it is possible that the funds would come from the Salim Group. Mar'ie met at the time with Anthony Salim, but it not known what they discussed.

Impossible

At the same time, Abdullah Ali, Managing Director of Bank Central Asia (BCA), told PEMBARUAN that it was impossible for the Salim Group to have planned to help BAPINDO's liquidity in meeting its obligations to the public. A lot of money would have been needed for that purpose.

"Where could the Salim Group have gotten so much cash for that purpose? In addition, Anthony Salim (head of the Salim Group) did not request a meeting with me. Whenever he wanted to make a banking decision, he first met with me," he said.

He said that each member of the Salim Group, which consists of several types of industrial and service companies, has people whom the Salim Group trusts to make decisions.

Abdullah Ali usually makes the banking decisions. He is convinced that Anthony would not provide funds to settle the BAPINDO case.

* GOLKAR Suggests Business 'Guarantee Fund'

94SE0139A Jakarta EDITOR in Indonesian 26 May 94 pp 60, 61

[Article by Syatrya Utama: "Way to Develop Small Businesses"; first paragraph is editorial introduction]

[Text] GOLKAR [Functional Groups party] is proposing the establishment of a "guarantee fund" for small businesses. Is this some kind of Santa Claus?

A firm voice on the side of small businesses has come from Mar'ie Muhammad [minister of finance]. He spoke at a GOLKAR technical working meeting at Cipayung, West Java, on 11 May. According to the minister of finance, under present conditions it is impossible for the law to give protection to big businesses. On the other hand protection for small businesses to help them develop also cannot place too great a burden on the state budget. Mar'ie said in his speech, which was greeted by tumultuous applause by those attending the meeting, "If just small businesses are protected, the law will object, and eventually this protection will be prohibited."

Prohibited? In the context of Islamic law, if something is done which is prohibited, it is a crime. If it is ignored, it is considered good. Therefore, if we follow Mar'ie's thinking, if the authorities provide protection to big businesses, those involved are in the wrong. On the other hand, if the parties involved are ignored, they are doing good.

Of course, there is a reason why Mar'ie comes to such a clear conclusion. It is known that during the First Long Term Development Program (PJP I) a number of facilities involving the control and ownership of economic assets were extended to big business firms. In fact, most of the businessmen involved were of ethnic Chinese origin. Of the 25 largest business groups in Indonesia, 17 were owned by ethnic Chinese. According to the FAR EASTERN ECONOMIC REVIEW (FEER), the business turnover of the Salim Group alone, which is owned by Liem Sioe Liong, amounts to about five percent of annual Indonesian GDP (Gross Domestic Product). In this connection ethnic Chinese only account for about three percent of the total population. This is the trigger which could cause concern leading to social upheaval.

It should not be surprising that to resolve this matter, serious 373 action is needed to promote small and medium sized companies, the majority of which are controlled by indigenous Indonesian businessmen. In any case that was the subject considered by the GOLKAR meeting.

According to Mar'ie, there are several sources of funds which can be used to promote the growth of small and medium sized industries. These include loans under the small business loan program (KUK), from the Bank Perkreditan Rakyat [BPR—People's Credit Bank], from Perum Pengembangan Keuangan Koperasi (PKK) [Cooperative Financial Development Company, Ltd], from Perum Pegadaian [Pledge Ltd], from PT Asuransi Kredit Indonesia (ASKRINDO) [Indonesian Loan Insurance Company, Ltd], from venture capital, from an allocation of one to five percent of the net profits of the Badan Usaha Milik Negara (BUMN) [State Enterprises Board], and from reserve funds from the private sector earmarked for small and medium sized firms.

In addition, to broaden access to the capital market for small sized firms, the subcontracting system needs to be developed, as has been done successfully in developed countries, such as Japan, for example. According to Fahmi Idris, chairman of the Department of Cooperatives and Private Business Companies of GOLKAR, the funds which can be obtained from these sources by small businessmen are still very limited. That is, funds obtained from the BPR, Perum Pegadaian, programs such as farm business loans (KUT), and the one to five percent of the net profits of the BUMN. Meanwhile, according to Fahmi, small business loans under the KUK program need to meet requirements which small businessmen cannot satisfy.

For example, loans from the PKK, as a loan guarantee institution, are earmarked only for cooperatives and generally are not available to small businessmen. ASKRINDO will only cover the risk of small business [KUK] loans for firms known to a bank. This is also the case with loans from venture capital, which must meet exacting requirements. In this connection small business firms are usually not well known to any bank. Like Mar'ie, Fahmi is also a member of the Angkatan '66 group [Generation of 1966]. He stated: "Sources of loans for small businessmen who meet bank requirements are very limited."

In fact, Perum Pegadaian is highly suitable for small businessmen because its processes for obtaining loans policies are easier to deal with, and the results are quicker. However, this institution always requires guarantees to be deposited in the form of goods. On the other hand its outreach is also limited. If its activities could be extended down to the subdistrict level, then this would be an ideal source of financing for small businessmen.

Therefore, Fahmi has expressed the need for setting up a "guarantee fund"—as was once proposed by the Indonesian Chamber of Commerce and Industry (KADIN)—for small businessmen. Fahmi said: "So this means returning to the basic idea of increasing 3n3 the sources of loans and accessibility for small businessmen."

The source of loan capital for such a guarantee fund would be the one to five percent of the net profits of the BUMN, which indeed could be earmarked for small businessmen and cooperatives. So far the funds obtained from the BUMN as a whole amount to 364 billion rupiahs. However, the total funds which have been loaned out amount to 224 billion rupiahs. The remaining funds have not yet been loaned out.

Meanwhile, the technical aspects of loaning these funds to small business firms and cooperatives have been handled by the various companies which come under the BUMN. Among other things, these programs have involved education and training, improving the management capacities of small companies, and providing working capital. Furthermore, loans have been extended through the Indonesian People's Bank (BRI) and the Badan Usaha Pembiayaan Indonesia (BUPI) [Indonesian Business Finance Board].

Of course, loans extended from BUMN capital to small and medium sized businesses are very limited in scale, as they depend on the amount of capital accumulated. However, Fahmi says, if the capital is used to guarantee loans extended through loan guarantee institutions, small businessmen could obtain five times as much in loans as the guarantee funds themselves. Fahmi said: "If a loan extended to a small businessman is not paid back on time, it is the loan guarantee institution which will bear the risk."

According to the Central Statistical Bureau (BPS), in 1990 there were 34 million small businessmen throughout Indonesia who worked alone and were not members of a cooperative. In the same year there were 24 million small businessmen throughout Indonesia who were members of cooperatives, including both KUD (Village Unit Cooperatives) as well as non-KUD institutions. Fahmi declared: "If the 34 million small businessmen join cooperatives, this will be fine. However, we are a free country. No one can force them to join a cooperative. They are not eligible for loans from these sources of funds."

How would this work? According to Fahmi, in technical terms a small businessman—let us call him Mr A—goes to the office of a credit guarantee institution such as we have proposed. This institution would have offices down to the subdistrict level. Then this institution would obtain and check the data on the borrower through the chairmen of the relevant RT [Neighborhood Association] and the RW [Village Association]. If the potential borrower is properly registered, the loan guarantee institution would recommend to Mr A to apply for a loan from a bank, the BRI, for example. Of course, the BRI would contact the loan guarantee institution we just mentioned. Now, in the loan application there are three parties who sign the loan agreement (PK): Mr A (as the debtor), the BRI (as the creditor), and the loan guarantee institution we just mentioned. 3

3 The interest charged would be the market interest rate. Fahmi said: "We only guarantee the loan." What distinguishes this kind of loan is the matter of the terms guaranteed to the bank. The banks are protected and assisted. According to a preliminary study by the Kodel Group, the obstacle which usually holds up a small businessmen is not only the problem of how high the interest rate but rather the difficulty of obtaining a loan quickly. The proof of this is that, although the interest charged on the loan by the creditor may be high, small businessmen generally are still willing to borrow money because the process of obtaining a loan is quicker.

Therefore, the loan guarantee institutions proposed by GOLKAR or KADIN have been used by the Bank Indonesia [Bank of Indonesia] through the PHBK process [Development of Bank Relationships with Community Private Sector Groups]. This program helps bring low income people as a group into contact with the banks. Up to the end of January 1994 the Bank Indonesia had successfully brought together 1,384 Community Private Sector Groups (KSM) having a membership of 40,000 people, with 65 banks. The total loans approved amounted to 12.1 billion rupiahs, and the savings earmarked by the members totaled 1.9 billion rupiahs, while the repayment rate on the loans was 96.3 percent.

In addition to broadening the sources of loans, expanding the market for small and medium sized businessmen can be achieved through existing policies. This was advocated by Ginandjar Kartasasmita, minister for state planning and development and chairman of the National Planning Board, at the National Working Council of the Association of Young Indonesian Businessmen (HIPMI) in Manado [Sulawesi] in September 1993. The government is the largest buyer in this market.

It turns out that what was advocated by Ginandjar was contained in Presidential Decision No 16/1994 concerning the Implementation of the State Budget (APBN). It also turns out that small businessmen and cooperatives can be partners with the government. In competition with stronger businessmen, weaker businessmen obtain a 10 percent "margin of preference" if the funds made available amount to 200 million rupiahs. Furthermore, the up front money for weaker economic groups is 30 percent, while that for people not belonging to any economic group is only 20 percent.

The effort to help small businessmen grow, according to Christianto Wibisono, director of the Indonesian Business Data Center (PDBI), is not something new. The problem is how to make existing institutions effective without having to establish new ones. He said: "Do not treat small businessmen as if you were Santa Claus. That would merely amount to distributing presents without clear criteria."

How Several Institutions Define Small Business

		Category		
No.	**Institution Name**	**Financial**	**Labor**	**Other**
(1)	(2)	(3)	(4)	(5)
1.	Centr Bur Statistics	—	Small Industry: 5-19 Employees; Household Industry	—
2.	Dept of Industry	1979: - Capital Investment for Machinery and Equipment)Investment for Machinery and Equipment)Worker)Land)	—	1979: Owners Are Indonesian Citizens; 1984: Same; 1990: Same
3.	Bank Indonesia	1975: Net Wealth)Cost to Turn Over Business Capital Once Is 5.0 Million Rupiahs; - 1980: Net Capital (Not Including Land and Buildings))(Including Construction Costs))Land and Buildings)	—	Minimum of 50% of Business Capital Owned by Indigenous Indonesians and Majority of Directors Are Indigenous Indonesians
4.	Department of Trade	Maximum Business Capital for Business Enterprise	—	—
5.	Chamber of Commerce and Industry - Trade: Active Capital)Rupiahs, Turnover	-Agriculture: Active Capital)Million Rupiahs, Turnover	Industry: Active Capital	Construction: Active Capital

Source: Martani Husseini Associates (1992), quoted in Working Paper by Heru Sutojo and Management Team from the Faculty of Economic Affairs of the University of Indonesia.

Laos

Press Release Issued on Philippine Visit

BK0107091394 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 30 Jun 94

[Laos-Philippines joint press release on the official visit to Laos by the delegation of the Philippine House of Representatives led by House Speaker Jose de Venecia from 26 to 30 June—issued in Vientiane on 30 June]

[Text] 1. In response to an invitation from His Excellency [H.E.] Saman Vi-gnaket, chairman of the National Assembly of the Lao People's Democratic Republic [LPDR], H.E. Jose de Venecia, speaker of the House of Representatives of the Republic of the Philippines, and delegation paid an official friendship visit to the LPDR from 26 to 30 June.

2. H.E. Jose de Venecia and the high-level house delegation, which comprises H.E. Victor Ortega, H.E. Roque Ablan, and H.E. (?David Prace de Lean), members of the

House of Representatives; and H.E. Rosalinda Tirona, ambassador extraordinary and plenipotentiary of the Republic of the Philippines to the LPDR, were welcomed in a warm atmosphere by H.E. Nouhak Phoumsavan, president of the LPDR, at the Presidential Office on 29 June.

3. Through H.E. Jose de Venecia, H.E. Nouhak Phoumsavan conveyed greetings and best wishes of good health and prosperity to H.E. Fidel Ramos, president of the Republic of the Philippines, as well as to the Philippine people. H.E. Jose de Venecia also extended best regards from President Fidel Ramos to H.E. President Nouhak Phoumsavan and the Lao people.

4. H.E. Nouhak Phoumsavan and H.E. Jose de Venecia reiterated the strengthening of relations between the two countries, and expressed conviction that the long-standing friendly relations will be further promoted and expanded through concrete cooperation for the benefit of the two countries. The guest and the host exchanged views on directions of cooperation in various fields, such as political, economic, social, and humanitarian domains.

5. H.E. Jose de Venecia expressed the conviction that the LPDR is qualified to be a full ASEAN member at an appropriate future date. He also believes that, in addition to the present members, ASEAN as a whole should include Laos, Myanmar [Burma], Cambodia, and Vietnam. He also stressed the Philippine role in supporting LPDR moves to become an ASEAN member.

6. H.E. Saman Vi-gnaket and H.E. Jose de Venecia, along with delegation members from both sides, held a meeting and exchanged views on various issues concerning bilateral as well as regional cooperation. H.E. Jose de Venecia, in his capacity as chairman of the ASEAN Interparliamentary Organization, or AIPO, invited a delegation of the LPDR National Assembly to attend as an observer the 15th AIPO congress which is scheduled to be held in Manila from 19 to 24 September.

7. In the economic sphere, the heads of the legislative bodies of the two countries expressed the view that there remain many conditions for promoting cooperation in trade, investment, and tourism. They also agreed that during a scheduled visit to the LPDR next month by H.E. Roberto Romulo, foreign affairs minister of the Republic of the Philippines, the two sides should consult on cooperation projects in the aforementioned sectors in addition to issues such as trade exchange and cooperation projects in other fields.

8. H.E. Jose de Venecia proposed a project to help train technical cadres from the LPDR through the use of funds from the Technical Cooperation Council of the Republic of Philippines in such fields as medical science, public health, agricultural development, rural development, administrative work, construction management, and other areas.

9. H.E. Saman Vi-gnaket welcomed the idea of reopening the Philippine Embassy in Vientiane in the near future, an initiative which H.E. Jose de Venecia will present at a meeting of the Philippine House of Representatives in the immediate future.

10. The two sides agreed to set up the Lao-Philippine Parliamentary Friendship Association, and agreed to exchange legal documents and other necessary data in the economic and social domains as well as to exchange parliamentary delegations. The two sides noted the role of legislative councils in solving socioeconomic problems in their respective countries.

11. The chairman of the National Assembly of the LPDR hails the success and progress in the socioeconomic field achieved by the Republic of the Philippines. He also praised the Philippine contribution under the leadership of H.E. President Fidel Ramos in achieving regional peace and stability.

12. H.E. House Speaker Jose de Venecia highly commended LPDR efforts to maintain self-reliance and self-sufficiency in various fields. He hailed new achievements of the LPDR in economic development, noting rapid economic growth, a reduction in inflation, a market-oriented economic system, and environmental preservation. He also hailed the LPDR's promotion of friendly relations with neighboring countries.

13. During the visit to the LPDR, the high-level delegation of the Philippine House of Representatives visited the Nam Ngum hydroelectric power dam in Vientiane Province at the invitation of H.E. provincial Governor Mounkeo Olaboun, and visited Luang Prabang Province at the invitation of H.E. provincial Governor Chansi Phosikham. At each site, the delegation studied rural development, viewed places of historical and cultural significance, and witnessed traditional local practices.

14. H.E. Jose de Venecia expressed profound thanks to the Lao side for the warm welcome accorded to the Philippine house delegation during it's stay in the LPDR.

15. This visit by the high-level delegation of the Philippine House of Representatives is considered a historic event. It marks a new, significant milestone in the promotion and establishment of bilateral and regional cooperation. H.E. Jose de Venecia invited H.E. Saman Vi-gnaket to lead a high-level delegation of the LPDR National Assembly on an official friendship visit to the Republic of Philippines at an appropriate occasion. H.E. Saman Vi-gnaket expressed thanks and accepted the invitation, and the time and dates of the visit will be determined through diplomatic channels.

[Dated] Vientiane, 30 June 1994

[Signed] H.E. Saman Vi-gnaket, chairman of the National Assembly of the LPDR

[Signed] H.E. Jose de Venecia, speaker of the House of Representatives of the Republic of Philippines.

Oudomsai Province Transceiver Building Completed

BK0107110094 Vientiane KPL in English 0935 GMT 1 Jul 94

[Text] Vientiane, July 1 (KPL)—A building for the installation of a radio and TV transceiver in Oudomsai Province has been completed after construction started in February.

The one-storey building was over 17 million kip funded by the government.

The 100-w [watt] transceiver has two systems—AM and FM—and cost more than 32 million kip.

Philippines

Taiwan Economic Minister Predicts Investment

BK0107133194 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 1 Jul 94

[Text] Taiwan Economic Minister Chiang Ping-kun expressed confidence today that more Taiwan investment will enter the Philippines because of its continued growth and stability. Chiang mentioned investment in real estate, textiles, garments, electronics, and computer technology. Chiang was speaking during the Ninth Joint Meeting of the Philippine-Chinese Business Council and the Chinese-Philippine Business Council [CPBC].

Jeffrey Koo, CPBC chairman and a top industrialist in Taiwan, said the Ramos administration has done a good job improving the investment climate in the country. Koo said they have already invested $12 million in the Philippines. [sentence as heard]

Meanwhile, Rizalino Navarro, secretary of the Department of Trade and Industry, said he believes last year's $1.39 billion in bilateral trade between the Philippines and Taiwan will be surpassed with the inflow of new investments.

Panel, RAM Agree To Accelerate Negotiations

BK3006050394 Manila BUSINESS WORLD in English 28 Jun 94 p 10

[Text] The government panel and the Rebulosyonaryong Alyansang Makabansa [as published; Revolutionary Nationalist Alliance] (RAM) agreed yesterday to accelerate negotiations in ending military rebellion in the country.

Government panel chairman Prof. Alfredo Tadiar said both panels have decided to do away with the technical working committees and instead hold a weekly panel-to-panel meeting starting 8 July.

The objective of the direct panel meetings, he said, is to prevent further delays in the talks with military rebels which has been going on since 1992.

"It was a suggestion from the RAM to do away with the working committees. We may just call on them as the need arises," Mr. Tadiar said.

Navy Capt. Danilo Lim, a member of the RAM panel, told BUSINESS WORLD his group has often called the attention of the government on the slow pace of peace negotiations.

During a news briefing at BUSINESS WORLD last month, former Army Col. Gregorio Honasan expressed discontent over the government panel's effort to forge a lasting peace agreement with the RAM.

Still, speculations are up that RAM is pushing for a faster pace as several RAM members may be planning to run for the elections next year. If the talks succeed, the RAM members may qualify to run for a government position, particularly if they were recommended for amnesty under the twin amnesty proclamations recently issued by President Ramos.

Electoral reforms are the first in the list of areas to be discussed by the panels two weeks from now. Mr. Lim said the reason why the RAM is rushing with reforms in the electoral system is because of the desire of the military reform group to inject several provisions in the proposed electoral code before the elections next year.

"The urgency is high because we want to include our agreement on electoral reforms in the new election code," he said.

Topping the list of areas to be discussed pertaining to electoral reforms are an anti-dynasty provision, a party-list provision, equal media time, and absentee voting.

Money Released for Air Force Modernization

BK0107092494 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 1 Jul 94

[Text] President Ramos has approved the release of P [Philippine pesos] 100 million to modernize the Philippine Air Force. The president made this announcement while speaking at the 47th anniversary of the Philippine Air Force held at Villamor Air Base. The president said that he will certify the AFP [Armed Forces of the Philippines] Modernization Bill as a priority for this year.

In his speech, the president stressed the major role that the Philippine Air Force plays in advancing government socio-economic programs and development efforts. The president ordered the DND [Department of National Defense] to cooperate with the DOTC [Department of Transportation and Communication] and DOST [Department of Science and Technology] in promoting self-reliance in the Philippine Air Force.

Ramos Discusses Economic Achievements

BK0107101294 Quezon City Radio Filipinas in English 0230 GMT 1 Jul 94

[Address by President Fidel V. Ramos commemorating his second year in office at Malacanang Palace in Manila on 30 June—recorded; passages in brackets in Tagalog]

[Passage omitted] Our efforts are now beginning to pay off. The economic indicators for the first quarter of 1994 show all the signs of sustained stability and even brighter prospects ahead. Let me review just a few of those indicators.

The first quarter indicated that our gross national product, or GNP, in (?real) terms grow by some 4.8 percent, a dramatic turnaround from 0.27 percent over the same period last year. The (?end) in the past was not sustained because it was generated by consumption. It died out as soon as (?pent-up) demand and savings were spent. The difference now is that GNP growth is led by investments and exports.

Increase in investment multiplied almost four times from last year's 5.2 percent to this quarter's 19 percent [applause] ended by the same remarkable growth in exports, which during the same period last year stood at only 0.22 percent. In June, the first four months of 1994 grew by 16.2 percent. Nevertheless, exports broke the $21 billion mark last year, and should easily break that good record this year. [applause]

Inflation has returned to single-digit rate. It averaged 9.8 percent over the first quarter and the interest rates on treasury bills have continued to fall.

In a tremendous testimony to our recovery, the stock market has grown steadfastly and foreign equity investments grew by over 100 percent, largely due to private sector commitments. [applause]

In the first quarter of 1994, the value of our industrial production rose by 7.7 percent, more than doubling last year's figure. This was no doubt brought along not only by industries' expansion programs but especially by enhanced industrial peace, as the number of strikes fell by 32 percent.

Agriculture declined by 0.92 percent, largely because of 32 destructive typhoons in 1993. But we expect it to improve sharply during the rest of the year through our agricultural productivity initiative, whether there will be bad or good weather. [applause]

And so, given the momentum we have attained, I am confident that we can reach or even exceed our target of 4.5 percent growth for the whole of 1994. [applause]

[What these figures tell is we have already overcome the initial tests of our capability. The economy has grown because we have implemented the right plans and policies. Last year, a lot of people said we cannot make it. Now, we can say to them that we can achieve more. We will show them.] [applause]

A year ago, nearly everyone was telling us it could not be done. And now, we are here to tell them that we intend to do even better.

Our economic performance was made possible by underlying achievements in our political and social environment. In politics, we have maintained and reinforced the stability of our democracy and its processes. The leaders of Congress and I have agreed that we cannot allow our goals to be sidetracked by political differences from our quest for sustained and enduring progress. That I have maintained a harmonious and productive relationship with the leaders of both the House and the Senate, which enabled us to carry out a common legislative agenda. Of the 15 top priority bills under this agenda, we have enacted 11 into law especially those further liberalizing the economy, enhancing revenue generation, and expanding and improving our educational system. [passage omitted]

We have given much importance to economic diplomacy, knowing the confidence and renewed interest of foreign friends and investors are vital to growth here at home. From the very start, we were convinced we needed to move at (?forging) an economic policy if we have to catch up and compete with our Asian neighbors.

We have just concluded negotiations with the International Monetary Fund, or IMF, for an exit program which shall be a milestone in our economic recovery. What is more, the IMF deal approved housekeeping, facilitate our access to new resources and concessions for development from the Paris Club of donor countries and the Philippine Assistance Program, or PAP.

We have recast government's role in the economy, from being the guardian of retarded infant industry, from being itself an obstacle to growth. And now government has become a booster of competitive private enterprise. [applause]

The benefits from our new investments in infrastructure are spilling out to the countryside. Four new growth centers are emerging. For far too long, Metro Manila and other big cities have dominated our economic life, diminishing the prospects of other areas while adding on to their own problems. These have started to change with the inflow of fresh investments into such new economic growth centers at Subic Bay, Clark, Pampanga, Baguio, Ilocandia, Quezon, Bicol, Cagayan de Oro, Misamis Oriental, Iligan, and the South Cotabato, Sarangani, General Santos area, or Socsargen in Mindanao.

Better-off economic diplomacy have resulted in the enthusiastic acceptance by our Asian neighbors of our concept of an East ASEAN Growth Area, or EAGA, which will open in Mindanao—a southern polygon of opportunity and growth. [applause]

We have launched the [Livelihood] 2000 program, designed to reinforce our underground economy and create two million jobs all over the country over the next two years. But we have not neglected our urban centers. We implement new housing, zonal improvement, solid waste management, and livelihood programs to ease the pressures of urban congestion and poverty. [passage omitted]

To support the growth of the economy, we have adopted a flagship system in at least 18 different regional centers to give priority to strategic projects. Our objective here is to build a road, a bridge, a seaport, a skyway, an airport, or a trading center where it is needed most and in the shortest possible time. And this year, we will work on 44 such flagship projects throughout the country at a cost of some 55 billion pesos. [applause]

We are renewing the countryside and to engage the majority of our people who live there in all aspects of our development. But in doing so, we take utmost care not to abuse, not to compromise our public health, the environment, and our natural resources. [passage omitted]

Now, let me say a few words about the value-added tax, or VAT. Taxes are part of the price we pay to live in a civilized community. The best that government can do is to make sure that the tax burden falls heaviest on those that have, best (?can spare it). And least on those who are its principal beneficiaries because they are poor. And this is what the newly expanded value-added tax does. Compared to the multitude of taxes it replaces, it is a progressive tax.

Basic commodities such as rice, corn, meat, poultry products, fruits, and vegetables are exempted from its coverage. And so are the other imports such as fertilizers and feeds.

I have taken all steps necessary within the power of the presidency to exclude items that I believe should be exempted from the coverage of VAT. These includes wet food items in public markets and supermarkets, a majority of our cooperatives, textbooks, small businesses, small [word indistinct], and small property owners. [applause]

On the other hand, the coverage of VAT extends to such establishments as hotels, large restaurants, country clubs, car rentals, and other luxury outfits that cater to the richer consumers and the more affluent.

VAT penalizes consumption, but not savings. Necessarily, the more well-to-do who consume more, still has to pay more taxes. And since VAT replaces an entire regime of sales taxes, it is simpler to administer, particularly since it has built-in mechanisms against evasion and avoidance. [applause]

We all need the increased revenues VAT would bring to ensure vital education and health care, to unclog traffic jams, to provide socialized housing to a greater number, to eliminate garbage in our streets, to create a sufficient reserve of electric power for industrial growth, and to develop livelihood and job opportunities in the countryside.

On the other hand, let us continue and intensify our dialogues with each other—the pro-VAT and the anti-VAT [applause]—in order to find the best solution to our dilemma. Let us give VAT, which is a law enacted by Congress and approved by the president a chance to work. [applause] [passage omitted]

Thailand

U.S. Position Causes 'Collapse' of Air Talks

BK0107053294 Bangkok THE NATION in English 1 Jul 94 p B1

[Text] Following three days of gruelling talks, Thailand and the United States yesterday came away empty-handed in their attempts to reach a bilateral aviation accord, yet another failure over the past four years to bridge their differences over one of the most contentious bilateral trade issues.

Sisuk Chantharangsu, the director-general of the Aviation Department, emerged from the meeting with a tense face and declined to elaborate any outcomes of the talks, saying only that both sides have agreed to keep quiet because the negotiations have not yet concluded.

The collapse of the Thai-U.S. aviation talks signalled a difficult time ahead for both sides to reach a final agreement since the U.S. appears to have toughened its stand. Earlier, there was hope from the Thai side that the latest round of talks might produce some breakthroughs because both parties had put new negotiators on their teams and because signs during the April talks in Washington DC were very positive.

The Thai side was headed by Sisuk and the U.S. side by Thomas H Martin, director of Aviation Negotiations Office.

Like Sisuk, Martin said: "I have no comment." This was the first time that Martin headed the U.S. negotiating team in talks with Thailand.

Other U.S. delegations are representatives from the International Aviation Office, the General Counsel Office, the Air Transport Association and U.S. Embassy representative Robert Griffiths.

A Thai source said there is little progress in the aviation talks, particularly the contentious issue of the fifth-freedom aviation right.

Thailand's representatives had expected the latest talks to end with a positive note. But the U.S. toughened its negotiating stand during the talks, reflecting the stronger position the Clinton Administration is taking in its bilateral trade negotiations.

Thailand and the United States signed a bilateral aviation agreement at the end of the Second World War. According to the agreement, U.S. airlines had freedom to fly to Thailand under every scenario, whereas Thai airlines were limited to flying into the U.S. except in cases of fifth freedom flights, especially via Japan.

Chat Thai Party Leader Denied U.S. Visa

Charges Called 'Conspiracy'

BK0107051494 Bangkok BANGKOK POST in English 1 Jul 94 pp 1, 3

[Text] The Chat Thai Party was dealt another blow yesterday after its deputy leader Watthana Atsawahem became the third Opposition MP to be denied an entry visa by the United States.

News about the ban was spread to the mass media earlier in the day in an unsigned leaflet and was confirmed by Prime Minister Chuan Likphai and Deputy Foreign Minister Surin Phitsuwan last night.

Apparently irate, Mr Watthana said allegations made in the leaflet were just another conspiracy aimed at discrediting the Opposition.

The mysterious fax from "A Thai who hates narcotics trade" claimed the U.S. Embassy announced on May 16 that Mr Watthana was among persons denied entry visas to the U.S. on suspicion that he might have been dealing in drugs.

Prime Minister Chuan confirmed he had been told by Mr Surin about the ban yesterday.

Mr Surin confirmed the Foreign Ministry had been notified by the U.S. Embassy in Thailand yesterday morning that it had decided against granting an entry visa to the Samut Prakan MP.

The deputy minister said he was yet to be fully briefed about why the visa was denied.

Prime Minister Chuan said he had instructed the Foreign Ministry to formally brief him about the U.S. Embassy's decision and refused to comment further.

Both Mr Chuan and Mr Surin said the U.S., like Thailand, had its own sovereign right and reasons for not allowing anyone to enter its country.

"This is news we don't want to hear because every time there is this kind of information, the Government will be the first one to be accused of being instrumental in spreading it," the prime minister said.

He denied any government connection with the leaflet, faxed to the mass media.

"I don't know whose game it is. But this is certainly not the Government's game," Mr Chuan said.

Mr Surin said information about Mr Watthana's ban did not originate from the Foreign Ministry either.

Mr Watthana, addressing a press conference earlier in the day, dismissed the allegations in the leaflet sent to newspapers by fax that he was denied the visa because he was suspected of dealing in drugs smuggled to the US.

Mr Watthana became the third Opposition MP to be similarly accused, following Thanong Siriprichaphong, who has already quit as a Chat Thai MP, and Mongkhon Chongsuthamani of Chat Phatthana.

Thanong was charged in a U.S. district court for allegedly smuggling a huge volume of marijuana to the US during a 10-year period while Mongkhon was denied the visa on suspicion of his involvement in heroin trafficking.

However, Mr Watthana said he would show his life-long visa to the U.S. and other pieces of evidence to the media at his home today.

But the deputy Chat Thai leader told reporters he could not remember when he last left for the U.S.

He said he would not ask the Foreign Ministry to explain the mysterious fax but challenged those who accused him to prove he was blacklisted by the U.S. on any charges.

"I wasn't moved (for being allegedly blacklisted). The USIS claimed 17 Thai politicians were blacklisted but such accusations have already gone silent and nobody knows if they were true," he said.

He said he did not know why he should be blacklisted by the U.S.

As one of the key Opposition figures, Mr Watthana said it was understandable for him to be accused by "a political conspiracy designed to discredit us all".

"I've got a life-long visa to the U.S. That was just a conspiracy to discredit Opposition figures like me. It isn't quite fair to play politics like that."

Chat Thai leader Banhan Sinlapa-acha said he was not worried about the alleged blacklisting of his deputy and disclosed that he had learned a week earlier that such a scandal would be raised.

Mr Banhan said the scandal might be meant to destroy leading Opposition figures.

"But I wasn't afraid. I've been in the political arena for 20 years."

Mr Watthana, accompanied by Chat Thai secretary-general Sano Thianthong and fellow deputy leader Thawit Klinprathum, consulted Mr Banhan at parliament for more than an hour yesterday.

Deputy Chat Thai spokesman Somsak Prisanananthakun said the latest scandal surrounding Mr Watthana was just a political ploy to discredit leading Opposition members.

"Organised mudslingings" would be aimed at Chat Thai leader Banhan Sinlapa-acha who could become a candidate for premiership in the next general election, Mr Somsak said.

"Remarkably enough, the current House session will end soon and the Opposition plans to launch a no-confidence motion against the Government," he said.

"Such scandals have been raised since Chat Thai has become an outstanding party with a change of leadership and an improvement of the party image.

"Those who are antagonised by Opposition parties will do all they can to discredit their rivals and keep them from rising. But Chat Thai will have to fight eye for an eye against those who refuse to play outside the arena."

Mr Somsak did not say how his party would fight back but said mudslingings would jeopardise the parliamentary system.

U.S. Embassy Confirms Fact

BK0107083194 Bangkok Radio Thailand Network in Thai 0530 GMT 1 Jul 94

[Text] Foreign Minister Squadron Leader Prasong Sunsiri talked to reporters at the Foreign Ministry before noon today about reports that the United States has denied Watthana Atsawahem, deputy leader of the Chat Thai Party, an entry visa into the United States.

The minister said he checked the facts with the U.S. Embassy in Bangkok this morning and the embassy acknowledged that it did refuse an entry visa into the United States for Watthana. The reason is that the U.S. does not allow a person believed to be involved in narcotics activities to enter the country, a practice in compliance with Article 212 of the U.S. Immigration Act.

The foreign minister further disclosed that the Secretariat of the House of Representatives had previously requested that the Foreign Ministry issue a referral for a visa for Watthana to use on an inspection tour of the United States. The Foreign Ministry issued such a referral on 17 May, requesting an entry visa into the United States for the politician. The U.S. Embassy had remained silent until the news broke and the ministry, therefore, had to verify the story. In any case, this is a decision of the United States, and not a political game, the foreign minister concluded.

Reportage on Banning of Visa for Former Envoy

Armed Forces React Angrily

BK0107052594 Bangkok THE NATION in English 1 Jul 94 p A2

[Text] The military reacted angrily yesterday to a former US ambassador to Thailand who accused the armed forces of continuing to support the Khmer Rouge in an article published in a U.S. newspaper recently.

Armed Forces spokesman Anuson Kritsanaserani said the article written by former U.S. ambassador Morton Abramowitz in the May 29 issue of The WASHINGTON POST also contained a disrespectful reference to His Majesty the King.

"The former U.S. ambassador has obviously based his judgment on outdated information regarding the Thai government's stand on the Cambodian issue," Lt Gen Anuson said.

The spokesman said the government, as a signatory to the 1991 Paris peace accord to end the more than one decade civil war in Cambodia, had strictly adhered to the agreement.

"Abramowitz served as U.S. ambassador to Thailand at a time when the situation was totally different from the present. Now we want good relations with neighbouring countries," Anuson said.

"The article he wrote about the Thai government's position on the Cambodian issue is grossly biased and is unjust to the Thai government and the Thai armed forces," he said.

Without being specific, the armed forces spokesman said a certain influential country was using its mass media to attack Thailand because it has a vested interest in creating ill-feelings against Thais in Cambodia and in the international community.

Minister: Banning Too Harsh

BK0107053694 Bangkok BANGKOK POST in English 1 Jul 94 p 8

[Text] Criticism of Thailand by former U.S. Ambassador Morton Abramowitz is not serious enough to warrant such drastic action as declaring him persona non grata, Deputy Foreign Minister Surin Phitsuwan said yesterday.

He said Mr Abramowitz had the right to criticise Thailand and this country could respond to any allegation if it had an adverse impact.

The former ambassador, in an article recently published in the WASHINGTON POST, accused Thailand of providing sanctuary and help for the Khmer Rouge. The article also was said to mention His Majesty the King in an unfavourable way.

The House Foreign Affairs Committee demanded that the Foreign Ministry declare Mr Abramowitz persona non grata. It claimed the article damaged the dignity of Thais and that its account of His Majesty the King and the military was untrue. It called for legal action to be taken against the former ambassador.

Mr Surin said officials would have to seriously consider whether such action was warranted. The problem was not so serious that Thailand had to ban Mr Abramowitz.

The committee was entitled to express its opinion but the "intention" of the former ambassador should be established before a decision was made.

He said there was no law which could make an ambassador accountable for "insulting remarks" against a former host.

"The problem could serve as a lesson for the writer of the article. He should be told the truth."

Thailand had been a frequent target of this kind of accusation and the Thai Embassy has defended the country's role in a letter to the U.S. administration, Mr Surin said.

Committee spokesman Dr Krasae Chanawong handed Premier Chuan Likphai a letter condemning the former ambassador.

Mr Chuan promised he would closely examine the matter with Foreign Minister Prasong Sunsiri.

Dr Krasae said the Government must publicise the truth internally and internationally. Mr Abramowitz's account was far out-of-date.

Sqn-Ldr [Squadron Leader] Prasong said the Foreign Ministry would look at Thailand's best interests.

In the article published on May 29, the former ambassador accused the Thai military of helping the Khmer Rouge by providing sanctuary and assistance, and argued for multilateral pressure against Thailand.

"The ministry will be most careful in its consideration for the utmost benefit of the Government and Thailand," Sqn Ldr Prasong said.

Misunderstandings about Thailand and the Khmer Rouge were not confined to the former ambassador, he said.

"Creating a better understanding is very important. Anyone is welcome to visit the border," he said.

Paper Urges Government To Act

BK0107102494 Bangkok SIAM POST in Thai 1 Jul 94 p 4

[Editorial: "The Former Ambassador Insults Thailand"]

[Text] Sutham Saengprathum, spokesman of the House Commission for Foreign Affairs, disclosed that during the meeting on 29 June 1994, the commission decided to declare former U.S. ambassador to Thailand, Morton Abramowitz, persona non grata. The decision has been forwarded to the government who will consider the suspension of Mr. Abramowitz's entry visa.

The problem arose when the 29 May issue of the WASHINGTON POST published Morton Abramowitz's article falsely accusing the Thai military of supplying food and weapons to the Khmer Rouge. Moreover, some of its contents also constituted a contempt of the country's supreme institution.

Morton Abramowitz's article has not only damaged Thailand's image in the eyes of the world but also infringed on the sovereignty of His Majesty the King.

It can be said that the resolution adopted by the House Commission for Foreign Affairs is correct in dealing with Morton Abramowitz's inappropriate comments critical of the Thai armed forces and the Thai people's most revered and inviolable institution. However, what further action the government will take is another matter.

Since Abramowitz had served as U.S. ambassador to Thailand for a number of years, he should have a thorough knowledge of Thai tradition and culture. In addition, the United States is also a long-time friend of Thailand.

Although Abramowitz has the right and freedom in the United States or other countries to write articles expressing his views which slander the Thai military and insult Thailand's supreme institution, he should have listened to common sense and thought about etiquette when he wrote about the Thai monarchy.

It should be noted that following the failure of the Cambodian peace plan when the Khmer Rouge refused to participate in the general election held in May 1993 in accordance with the Paris peace agreement of which Thailand is also a signatory, Thailand has been the target of accusations by the United Nations and United States.

The article written by Morton Abramowitz has repercussions on ties between the peoples and governments of the two countries. The government should expeditiously do something either diplomatically or otherwise before the Thai people stage protests both in the country and overseas.

Australia

Defense Department Awards Weapons Contract

BK0107083794 Melbourne Radio Australia in English 0500 GMT 1 Jul 94

[Text] Australia's defense department has awarded a contract for the production of the first weapon system aimed at luring incoming antiship missiles away from ships. Dubbed an active missile decoy, the joint Australia-America designed system is intended to protect naval vessels from wave-skimming missiles. The $23 million [currency not further specified] contract has been awarded to AWA Defense Industries. The Defense Department says the system will be fitted in three phases, starting with one Australian frigate and extending to all Australian Navy ANZAC ships. The department says it will be the first such system fitted to navy ships anywhere in the world.

Cuts in U.S. 'Subsidized Wheat' Welcomed

BK3006101094 Melbourne Radio Australia in English 0500 GMT 30 Jun 94

[Text] Australia has welcomed the cut in the amount of subsidized wheat the United States puts on the world market. Washington has announced that under next year's export enhancement program, wheat allocations have fallen 8.7 million tons to 24.6 million tons.

Federal Primary Industries Minister Bob Collins and Trade Minister Bob McMullan say they're pleased the program has not been extended to new market in Asia. The ministers say they expect the United States and other subsidizing wheat exporters to [use] moderation and leadership in the use of subsidies, especially, in the period leading up to the 1995 implementation of the Uruguay Round of talks held under the General Agreement on Tariffs and Trade or GATT.

Marshall Islands

Officials on Cleaning Up Radioactive Site

BK2706085694 Hong Kong AFP in English 0755 GMT 27 Jun 94

[Text] Majuro, June 27 (AFP)—A US House of Representatives subcommittee has approved a seven million US dollar clean-up and rehabilitation fund for Rongelap, an atoll engulfed in radioactive fallout from an American hydrogen bomb test in 1954, Marshall Islands officials said here Monday.

If finally approved by the House and Senate the funding would bring the US-provided trust fund to 13 million dollars and the people a step closer to resettling their former home.

Ron de Lugo (Democrat-Virgin Island) said the US Congress' concern did not end with the appropriations money.

The US Interior Department will oversee spending of the funds, but with Congress looking over its shoulder because of the department's previous "insensitivity" to Rongelap's needs, de Lugo said.

"This will provide us with an opportunity to act if bureaucrats again try to push the people back to the island before the problems are sufficiently dealt with," he said in a speech just before the subcommittee approved funding Friday.

Marshall's Government officials praised the chairman of the subcommittee on interior appropriations, Sidney Yates, an Illinois Democrat, who negotiated the funding for Rongelap at a time when Congress is under pressure to cut spending.

One official said his efforts showed "remarkable dedication."

Papua New Guinea

Central Bank Chief Warns Government of Deficit

BK3006100594 Melbourne Radio Australia in English 0500 GMT 30 Jun 94

[Text] A governor of Papua New Guinea [PNG] Central Bank has warned the Wingti government that its burgeoning deficit is endangering the country's financial stability. Sean Dorney reports that in the first quarter of this year, Papua New Guinea Government's spending was up almost 30 percent on the same period last year, while revenue was down 6 percent.

[Begin Dorney recording] Releasing the Bank of Papua New Guinea's latest quarterly bulletin, the bank's governor, Sir Mekere Morautua, warns that the government's fiscal operations represent the principle danger to PNG's financial environment remaining both stable and sustainable. A deficit for the first quarter of 1994 is two-thirds the size of what was originally projected for the entire year. Sir Mekere says the failure now to address the imbalance between government revenue and expenditure will only increase the scale of remedial measurers that will have to be taken to return to budget PNG can sustain. [end recording]